

NASSAU COUNTY LEGISLATURE

NORMA GONSALVES,
PRESIDING OFFICER

BUDGET REVIEW COMMITTEE

HOWARD KOPEL,
CHAIRMAN

Executive Building
1550 Franklin Avenue
Mineola, New York

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A P P E A R A N C E S :

HOWARD KOPEL
Chairman

NORMA GONSALVES
Vice-Chairwoman

RICHARD NICOLELLO

KEVAN ABRAHAMS
Ranking

DAVID DENENBERG

LIST OF SPEAKERS

TIM SULLIVAN.

GEORGE MARAGOS. 109

MAURICE CHALMERS. 195

2 CHAIRMAN KOPEL: I'm going to take
3 attendance here.

4 Legislator Nicoletto?

5 LEGISLATOR NICOLELLO: Here.

6 CHAIRMAN KOPEL: Presiding Officer
7 Gonsalves?

8 LEGISLATOR GONSALVES: Present.

9 CHAIRMAN KOPEL: Minority Leader
10 Abrahams?

11 LEGISLATOR ABRAHAMS: Here.

12 CHAIRMAN KOPEL: Legislator Denenberg?

13 LEGISLATOR DENENBERG: Here.

14 CHAIRMAN KOPEL: And I am here. We are
15 in session. We have a quorum.

16 Today we've got one item on the agenda,
17 which is a hearing on the close of the Fiscal
18 2012 year, as well as the 2013 media report from
19 our comptroller, George Maragos. This is against
20 the backdrop of some very significant financial
21 and weather storms, both which we've endured
22 during the recent past, during the past year.

23 When the county executive assumed office
24 in 2010, together with the current republican
25 majority, there was a deficit, and inherited

deficit in excess of \$378 million, complicated by crumbling infrastructure, especially epitomized by the deteriorating sewer treatment plants. Our debt was increasing and there was runaway spending. In the past three years, three years and change, spending has been reduced by some 300 million and we've begun the task, the difficult task of repairing the infrastructure. The level of debt has been reduced. On average, we've dramatically reduced the amount that has been borrowed annually in comparison with the previous administration, the previous legislature. All of this was done while keeping our promise not to raise taxes, not to raise property taxes while at the same time having eliminated the home energy tax.

Perhaps most importantly, the structural deficit of the county has been reduced by nearly \$200 million to levels that have not been seen since the implementation of nearly 20 percent tax increase put forward by the previous administration I guess it was near the beginning of his administration.

Now, when Hurricane Sandy hit our

1 infrastructure took a tremendous hit. The
2 leadership of the county executive during this
3 period and its aftermath have allowed the hearing
4 of our communities and our finances as well have
5 weathered the storm. The government, our
6 government and our residents have proved
7 resilient and up to the task.
8

9 With that backdrop, we now look at the
10 year-end close for 2012 showing a surplus of \$41
11 million, notwithstanding all that turmoil caused
12 by the storm, and we also see reports for 2013
13 that are seeing positive signs.

14 We're going to begin now with Deputy
15 County Executive Tim Sullivan, who is going to
16 make a presentation which will get further into
17 the financial details. Following his
18 presentation, Comptroller George Maragos will
19 make his presentation. After each of them, I
20 guess we'll entertain questions from the
21 committee members.

22 Mr. Sullivan.

23 LEGISLATOR ABRAHAMS: If I may, Mr.
24 Chair.

25 CHAIRMAN KOPEL: Yes.

LEGISLATOR ABRAHAMS: Mr. Sullivan can definitely make his way up. But I would like to respond to a couple of things that you made in your opening commentary, if I may.

I wasn't planning on making any type of comments but I think it's important based on what we have today so we can present what we believe our side or what the people's side in terms of what the issues truly are.

Number one, the previous administration left this county with a \$1.2 million surplus. No one is discarding the fact that there were issues; obviously you are confronted with issues as you go through the budget. But this budget and the county's finances were left in whole, so any remarks that the previous administration left this administration with a deficit is inaccurate.

Number two, debt is up. And I would love to hear the commentary from the comptroller as well as from Mr. Sullivan. The county's total debt and liability is up under this previous administration not down. It was down at its lowest levels under the previous administration, the Suozzi administration. He brought it down

1 from where it was from the administration before
2 that, the Gulotta administration. Now it's up
3 higher than it has ever been before.
4

5 Third, we brought the fact that debt has
6 been held. Any debt that has been held has been
7 held because the minority side, the democrat
8 minority in this legislature. For the last four
9 years we have seen this administration bond its
10 way and not choose to face the difficult
11 solutions and choose to opt to bonding than
12 paying for things out of the operating budget and
13 budget for them properly. So, from that
14 standpoint, we truly believe that any possibility
15 for any type of surplus, which we don't think is
16 accurate anyway, but from that standpoint, any
17 savings that has been made related to borrowing
18 is because of this side of the aisle.

19 From our standpoint, we truly believe,
20 one, that this administration does not account
21 for - and we'd love to get into some of the
22 responses - does not account for, one, the \$230
23 million that's out there if the wage freeze
24 decision that was made earlier this year is
25 upheld; two, there is no tax cert accrual in this

1 budget unlike previous budgets - I know we've
2 seen it in the past. We've always seen an
3 accrual for the year that we're in, in terms of
4 what we're going to see for the tax certiorari
5 payout, we have not seen that, so that's two.
6 Then obviously based on the reports that we have
7 seen, police overtime is under estimated by a few
8 million dollars. We just do not see how you can
9 get to a 5.6 or \$9.2 million surplus without
10 taking those things into consideration. So, if
11 we want to get into fuzzy math or fictitious
12 surplus, we can.

14 I would like to close by the statement
15 that I believe that this oversight body that we
16 respond to, which is NIFA and each one of their
17 members, one commentary that was made by the
18 chairman, NIFA, the NIFA board member chairman,
19 Mr. Stack, and I'll quote, "To the County
20 officials who believe there is a surplus, will
21 they please call me so we can hold an emergency
22 meeting of the board so we can lift the controls
23 if there is a surplus, otherwise let's quit
24 talking about a surplus." This was said by Mr.
25 Stack on July 30, the July 30th meeting. So from

1 that standpoint, this is the oversight body.
2 This is the independent body that was put
3 together by this legislature and administrations
4 many years ago. And this body is clearly stating
5 that there is no surplus. So you can have
6 democrats and republicans argue, independents,
7 conservatives and liberals, whoever you want to
8 say argue. But the body that's overseeing our
9 finances thinks any talk of a surplus is
10 fictitious.
11

12 The premise for today needs to be what is
13 the response from the comptroller as well as the
14 deputy county executive to this, because from our
15 standpoint any talk of a surplus, any talk about
16 a rosy picture is inaccurate.

17 Thank you.

18 CHAIRMAN KOPEL: Thank you, Mr.
19 Abrahams.

20 Now, one thing that I'm going to ask
21 witnesses to adhere to constantly throughout the
22 course of this hearing is that I'd like to make
23 sure, in order to cut through the fog, that we're
24 comparing apples and apples in each case. In
25 other words, when you're talking about a previous

1 administration or you're talking about the
2 current administration, practices, whether
3 there's a surplus or deficit, we want to use
4 consistent accounting standards, stat to stat,
5 statutory to statutory, and gap to gap. And when
6 we go back and forth and when we hold one group
7 to one standard and another group to another
8 standard, we're not longer comparing apples to
9 apples and we really don't get a true picture.

11 What I'd like is that in the course of
12 your comments, please be sure when you're
13 comparing or contrasting anything, please be sure
14 in each instance to explain the difference and
15 the results on those bases.

16 Mr. Sullivan.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: Thank
18 you. Chairman Kopel, Speaker Norma Gonsalves,
19 Finance Chair Richard Nicolello, Minority Leader
20 Kevan Abrahams, and Legislator David Denenberg,
21 thank you for giving me the opportunity here to
22 discuss the 2012 audited financial results and
23 the 2013 projections. Before I start, I just
24 want to say thank you to the comptroller for
25 allowing me to go first. I have a medical

1 situation, actually a root canal that I have to
2 leave at 3:15 on; that might be preferable to
3 what's going to take place here but we will see.
4 So it might be a slight positive transition.
5

6 For the county's primary operating funds,
7 which are the general, police headquarters,
8 police district, fire safety and the debt service
9 fund, the county ended 2012 with a budgetary
10 surplus of 41.5 million. That is the same
11 standard to your point, Legislator Kopel, that
12 the prior administration ended with a \$1.5
13 million surplus. So this year, 2012, the same
14 auditors, the same standards, the same
15 everything, \$41.5 million. When adding to
16 existing accumulated fund balance that brings our
17 fund balance to \$82 million at the end of 2012.

18 As we all know, there are certain
19 adjustments that are made, which include items
20 such as the timing of encumbrances and pension
21 contribution expenses that need to be made when
22 we're reporting on a GAP basis. When these
23 adjustments are made, the county ended 2012 with
24 a \$28.8 million budgetary GAP surplus.

25 The budgetary surplus is comprised of a

number of revenue and expense variances as compared to the 2012 adopted budget. Primarily these were sales tax receipts which were favorable by 21.9 million over the adopted budget. Debt service expenses were favorable by 43.6 million due to lower than anticipated borrowings and lower interest rates. The cost of early intervention/special education end of the year 24.1 million under the budget due to lower than budgeted caseload. Again, this savings is partially offset by a shortfall in related state aid reimbursements.

With respect to 2013, OMB conservatively projects a 2013 budgetary surplus of slightly less than \$10 million. That was our latest forecast which was July.

The surplus is comprised of a number of revenue and expense variances as compared to the 2013 adopted budget. Primary among these again is sales tax, which continues to grow as the economy recovers. Additionally, Nassau has experienced a spike in receipts resulting from Super Storm Sandy related purchases. Currently, our year to date results are up 10.3 percent over

prior year actual.

Early intervention/special education costs are again favorable; we are projecting them to be approximately 15 million under the 2013 budget, again due to lower caseloads than projected in the budget.

We are projecting a favorable variance with respect to debt service, 14.5 million under the budget, which again, resulting from lower borrowing amounts and lower interest rates than projected.

Expenses to social services programs are projected to be 12.7 million under the budget primarily due to lower caseloads than initially projected in several of the programs such as TANF, safety net, foster care, institutional care, and people in need of supervision. Again, this surplus will be partially offset by decreases in related state and federal aid. Fringe benefits are projected to be 11 million under the budget primarily due to the continued reduction in the county workforce. Currently, our workforce is at 7,307 positions versus a budget of 7,395 positions. So right now we are

2 88 positions below the budget.

3 That is my testimony for today. And I am
4 here to answer any questions that this committee
5 may have. And thank you very much.

6 CHAIRMAN KOPEL: Thank you.

7 Would you please comment on the level of
8 the long-term debt from the time the
9 administration came in as compared with now?

10 DEPUTY COUNTY EXECUTIVE SULLIVAN: When
11 we came into office, if you look at the last CAFR
12 that was put out, 2009, total long-term debt was
13 3.5 billion, at the end of 2012 it was 3.4
14 billion.

15 CHAIRMAN KOPEL: So, actually the long
16 term debt has decreased.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN:
18 That's correct.

19 CHAIRMAN KOPEL: Over the period and
20 that's a pretty significant thing.

21 Will you talk about the overtime in the,
22 the overtime account, the overtime situation
23 especially as it is impacted by the police?

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: As
25 you are aware, 2012 overtime was significant in

1 the police department, much of that related to
2 Super Storm Sandy. Approximately \$16 million of
3 a \$65 million expense was due to the storm and
4 the other 49 would be the general police
5 overtime. We are experiencing again significant
6 overtime this year. In our latest forecast we
7 are projecting \$60 million of police overtime.
8

9 CHAIRMAN KOPEL: Have we set aside money
10 for that?

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
12 are still projecting a surplus with that expense
13 factored in. So yes, we are able to cover that
14 cost.

15 CHAIRMAN KOPEL: The significant
16 overtime, does this suggest that we're
17 understaffed in the police department?

18 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.
19 I believe so. Right now our sworn headcount is
20 slightly above 2,200 officers; that's historic
21 lows. This is significant below four, 500
22 positions below Nassau's average over the last
23 decade. We hired 34 police officers back in May.
24 We are looking to hire another class of 80 to 85
25 I believe some time in September/October.

2 CHAIRMAN KOPEL: And with those
3 additional classes the administration believes
4 we'll be up to the strength that we need?

5 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.
6 And then to manage attrition after that and to
7 replace officers that attrit. That is correct.

8 CHAIRMAN KOPEL: Okay. And so therefore
9 that should significantly reduce overtime going
10 forward.

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.
12 I believe so.

13 CHAIRMAN KOPEL: And obviously in the
14 absence of any unusual events.

15 DEPUTY COUNTY EXECUTIVE SULLIVAN:
16 Correct.

17 CHAIRMAN KOPEL: What about --

18 DEPUTY COUNTY EXECUTIVE SULLIVAN: And
19 it should be noted out of the expenses last year,
20 out of 65 million, 16 million of course which was
21 reimbursable from the feds, so that is something,
22 FEMA, 90 percent reimbursement and we're hoping
23 the state steps in for the other ten. For that
24 16 million of FEMA related --

25 CHAIRMAN KOPEL: That reimbursement is

accounted for as an accrual or not yet?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's -- 90 percent of it is receivable, the other ten percent we took as a hit in the budget.

CHAIRMAN KOPEL: But it's all accounted for at this point?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

CHAIRMAN KOPEL: Okay. That's good. What about the consolidation? What's been the impact of the police consolidation, the precinct consolidation that's been done so far?

DEPUTY COUNTY EXECUTIVE SULLIVAN: The big thing is we saw much attrition in the police department. We are still able to maintain 177 cars out there. The attrition has caused some problems as I stated with respect to overtime, but it is something we're looking to address with the recent hiring and the prospective hiring.

CHAIRMAN KOPEL: So with the overtime as offset by savings, are we ahead or are we behind savings due to the consolidation?

DEPUTY COUNTY EXECUTIVE SULLIVAN: The savings due to consolidation generated

approximately 18 to 20 million worth of savings, much of that through police officers leaving the force.

CHAIRMAN KOPEL: Legislator Nicoletto.

LEGISLATOR NICOLELLO: Thank you. Mr. Sullivan, I just want to follow up on some of Legislator Kopel's questions.

You talked a little bit about the long-term debt, when the county executive took over and as contrasted with now and apparently the number is lower now than it was when he took over.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR NICOLELLO: During the previous administration -- let me back up for a second. Where are you getting your information in terms of what the long-term debt is?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That would be from the audited financial statements that Deloitte & Touche and the County put out.

LEGISLATOR NICOLELLO: Okay. So those are put out on an annual basis?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That

2 is correct.

3 LEGISLATOR NICOLELLO: That's the
4 information that you are relying upon to make
5 those statements?

6 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

7 LEGISLATOR NICOLELLO: Okay. When the
8 previous county executive took over in 2002 do
9 you know what the long-term debt was at that
10 point?

11 DEPUTY COUNTY EXECUTIVE SULLIVAN:

12 Approximately \$3 billion.

13 LEGISLATOR NICOLELLO: And in 2009,
14 could you tell me what the long-term debt was
15 with the county?

16 DEPUTY COUNTY EXECUTIVE SULLIVAN:

17 Approximately 3.5 billion.

18 LEGISLATOR NICOLELLO: Okay. So there
19 was a net increase in long-term debt during that
20 period?

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
22 is correct.

23 LEGISLATOR NICOLELLO: And
24 approximately how -- what was the difference?

25 DEPUTY COUNTY EXECUTIVE SULLIVAN:

2 Slightly over \$402 million.

3 LEGISLATOR NICOLELLO: So we're talking
4 about something in the area of a 13 percent
5 increase in debt during those eight years?

6 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

7 LEGISLATOR NICOLELLO: Just taking those
8 numbers out of the audited financial statements.

9 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
10 is correct.

11 LEGISLATOR NICOLELLO: Okay. With
12 respect to the structural deficit of the county -
13 again, this goes to Legislator Kopel's point in
14 terms of apples and oranges. There was talk
15 moments ago about a surplus at the end of 2009.
16 What was the structural deficit of the county as
17 of 2009?

18 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
19 is something the comptroller puts out, he would
20 best be able to speak to that, sir.

21 LEGISLATOR NICOLELLO: Okay. You don't
22 know what that number is or was?

23 DEPUTY COUNTY EXECUTIVE SULLIVAN: Not
24 off the top of my head, no. That wouldn't show
25 up in an audited financial or anything.

LEGISLATOR NICOLELLO: You mentioned a couple of areas of savings, one involving early intervention, the other involving some of the social services programs, the savings coming from a reduction in caseloads. Why are the caseloads dropping at this point for both?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think it's several different factors. I think one of them is obviously the economy is recovering somewhat. You look at '08, '09, obviously that was a difficult period for the county with the kickoff of the recession, sales tax plummeting and caseloads skyrocketing at that point, so now I think we're seeing -- unemployment I think dipped below six percent in July in Nassau and that's the first time it's been below that benchmark in probably five or six years. So I think we're starting to see somewhat a mild recovery, stabilization of the economy.

LEGISLATOR NICOLELLO: Any idea as to why the caseload is dropping in early intervention also?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I would imagine it would be also based on some

1 demographic information and I think also it's
2 usually done at the school district level when
3 they determine what children are eligible and
4 things like that, so there have been some
5 changes.

7 LEGISLATOR NICOLELLO: That's been an
8 issue with the county as long as I've been here.

9 DEPUTY COUNTY EXECUTIVE SULLIVAN:
10 That's been a big expense for the county.

11 LEGISLATOR NICOLELLO: It's imposed by
12 the state and the school districts, preschool
13 committees and special education designate the
14 services usually based on what the service
15 provider themselves are telling them.

16 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
17 is correct.

18 LEGISLATOR NICOLELLO: And then the
19 county then picks up the cost of that. So it's
20 encouraging to see that number go down. It's a
21 savings for Nassau County taxpayers.

22 Now, with respect to the deferral of
23 pension costs, does the administration have any
24 intention to pay any of that back as operating
25 funds in 2013 or '14?

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: It is
3 amortized so it does get factored into the 2014
4 bill.

5 LEGISLATOR NICOLELLO: Okay. Any
6 interest in prepaying that?

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
8 prepay the pension bill normally mid-December.
9 It is due February 1. We usually pay December
10 15. There is savings of approximately a million
11 and a half to \$2 million if we can fund it at
12 that point in time. We've done that pretty much
13 every year.

14 LEGISLATOR NICOLELLO: Okay. I have no
15 further questions. Thank you.

16 CHAIRMAN KOPEL: Legislator Abrahams.

17 LEGISLATOR ABRAHAMS: Thank you,
18 Chairman Kopel. How are you, Mr. Sullivan?

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: Good
20 afternoon, sir.

21 LEGISLATOR ABRAHAMS: I don't envy your
22 soon to be situation in the dentist chair at all.

23 DEPUTY COUNTY EXECUTIVE SULLIVAN: Be
24 gentle.

25 LEGISLATOR ABRAHAMS: I've been through

it twice so I know the feeling.

I will try to be gentle. I do have some questions. First I want to piggyback on some of the concerns - some of the statements that were made by Chairman Kopel as well as Deputy Presiding Officer, Mr. Richard Nicoletto.

I want to go one step forward. As you said before - and I have exact numbers - the long-term debt that was inherited in 2002 when the previous administration took office was \$3,048,649, is that roughly about?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's exactly correct.

LEGISLATOR ABRAHAMS: Okay. And then in the end of 2009 it was 3 billion 4-5-0-9-3-5.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Exactly correct.

LEGISLATOR ABRAHAMS: And then at the end of 12 it would appear the number was trending down at 3 billion 4-4-8-4-0-9-5.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR ABRAHAMS: However, I want to go one step further, which now that we're

1 taking 2013 into consideration, our numbers
2 reflect that the total long-term debt is now
3 beyond the 2012 number as well as beyond the 2009
4 number and is now \$3,728,995,000. Is that
5 accurate?
6

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
8 don't know, sir. You have to look. Debt comes
9 on, debt comes off. That's usually on a CAFR at
10 the end of the year. I mean, debt issuances
11 mature out all during the year. That's not
12 something we true up 365 days a year. And
13 obviously there has been some degree of borrowing
14 with respect to Super Storm Sandy.

15 LEGISLATOR ABRAHAMS: I totally agree.

16 DEPUTY COUNTY EXECUTIVE SULLIVAN:
17 That's -

18 LEGISLATOR ABRAHAMS: It's also
19 associated with tax cert as well as some pension
20 borrowing. Is that correct?

21 DEPUTY COUNTY EXECUTIVE SULLIVAN:
22 Pension borrowing?

23 LEGISLATOR ABRAHAMS: I apologize. But
24 in essence, if you take a snapshot at the end of
25 the previous administration versus where we are

today, the total long-term debt as of today, we're having a hearing today, it's higher.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I don't know that. I look at the audited financials. Again, there's 365 days a year. The debt changes.

LEGISLATOR ABRAHAMS: The numbers that we have - and we can have them validated by the Independent Budget Review or the comptroller's office - is as of 8/8/2013 the total liability, long-term debt is 3.7 billion 28. That's what we have.

DEPUTY COUNTY EXECUTIVE SULLIVAN: And I believe a lot of debt matures in October so it will be different again and, you know, two months from now.

LEGISLATOR ABRAHAMS: Can you update it at that point for us, in October? That would be perfect time for the budget season coming up --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Amongst other things.

LEGISLATOR ABRAHAMS: I'm sure your budget's going to be coming up so we would love to hear that number be revised.

1 The other thing that I want to highlight
2 before I get into my line of questioning is the
3 tax cert liability. According to our records --
4 and you can validate if it's accurate -- in 2002
5 the previous administration assumed \$400 million
6 in tax cert liability. At the end of that
7 administration in 2009 they were at 164 million.
8 It's my understanding that as of today, or if you
9 want to take as of 2012, the total tax cert
10 liability is now well over \$300 million. Is that
11 accurate?
12

13 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
14 believe the 2012 CAFR was 297.

15 LEGISLATOR ABRAHAMS: You're saying the
16 total in 2000-what?

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: Long-
18 term liability I believe was 297.

19 LEGISLATOR ABRAHAMS: 297 not 164?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm
21 sorry. 2012, you said over 300.

22 LEGISLATOR ABRAHAMS: I'm sorry. So
23 it's 297. So it's 400 to 164 to 297.

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
25 is correct. As we are well aware, we have not

been settling and paying our tax certs.

LEGISLATOR ABRAHAMS: But I am aware that -- what I'm trying to drive at is that the liability is greater.

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's 297.

LEGISLATOR ABRAHAMS: It's higher than the previous administration at 164. Okay.

The next thing I do want to dive into is you mentioned the police consolidation where there was a savings of 18 to \$20 million due to police officers leaving the force.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR ABRAHAMS: But wouldn't we have received that savings even without the consolidation?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I don't believe so. I believe getting officers out behind the desk I think forced a lot of officers to reconsider their options and to leave and expedited attrition. It's hard to -- that's a hard hypothetical to measure, sir.

LEGISLATOR ABRAHAMS: Let me ask - the

total amount of police officers that leave every year, that number sounds very familiar. It seems like that's the number every year we plan on for term pay. What's the term pay number historically? Is this number so much greater because we did consolidation in one year versus previous years?

DEPUTY COUNTY EXECUTIVE SULLIVAN: This year I know our number, our estimate has been somewhere in the 25 to \$30 million range so we think there is a high level of attrition now.

LEGISLATOR ABRAHAMS: But your estimate is different than what I've heard from the Office of Legislative Budget Review --

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR ABRAHAMS: which I think is a number much lower.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Not much lower. I think they were 21, 22. And I think our number - we stand by our number. We have 11 out the door already and we think there is a good deal of attrition that's going to occur over the next four months here.

LEGISLATOR ABRAHAMS: But the point I'm driving at is the fact that I don't believe the police consolidation has generated any savings. If you're saying the police consolidation generated 18 to \$20 million, isn't that historically what we have been able to achieve --

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm sorry, sir. Could you repeat?

LEGISLATOR ABRAHAMS: What I'm driving at is the police consolidation in previous years, let's go back to say, for example, 2010. What was the total amount of savings from police officers leaving the county?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I can't give you that number off the top of my head.

LEGISLATOR ABRAHAMS: Okay.

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's something we could get obviously for you. But I can't tell you the exact number of how many people left three years ago.

LEGISLATOR ABRAHAMS: I guess what I'm driving at is from those years up until the police consolidation and including the

consolidation, is the number skyrocket up the year we did the consolidation?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe there were more officers that left, yes.

LEGISLATOR ABRAHAMS: No, no, no. What I'm saying is did the number, did the total number of officers that left, in terms of the 18 to \$20 million of officers, how much has it been in previous years? Did we receive something skyrocket?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I bet the number is greater. I can't tell you the relative --

LEGISLATOR ABRAHAMS: Can you provide that to us at some point?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR ABRAHAMS: Has there been an analysis?

DEPUTY COUNTY EXECUTIVE SULLIVAN: You just asked the question.

LEGISLATOR ABRAHAMS: No, no, no. I'm saying have you done an analysis?

DEPUTY COUNTY EXECUTIVE SULLIVAN: We did an analysis to show that the level of

attrition generated 18 to \$20 million.

LEGISLATOR ABRAHAMS: No, no, no. What I'm saying is when you determined -- you just said that you feel that there is a bump but you can't give me the exact number. I'll accept that you can't give me the exact number. But was there an analysis that was determined to come to validate that the consolidation generated that level of savings?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes. Eighteen to 20 million, I think Budget Review also --

LEGISLATOR ABRAHAMS: So does --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Budget Review also put out an analysis I think that was forwarded to all members of the legislature here.

LEGISLATOR ABRAHAMS: So there's a comparative analysis that you have done and can provide to us, you just don't have it at this point or this juncture. There is a comparative analysis that you can show us versus the consolidated year versus previous years which validates what you're saying.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think the Office of Legislative Budget Review, as I just stated, put out a report I believe last year that was in the same range as what we're talking about here.

LEGISLATOR ABRAHAMS: Okay. What I'm trying to say -- you have validated -- I'm going based on your point, Mr. Sullivan. Your point is that the police consolidate saved this administration 18 to \$20 million.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes. And that was --

LEGISLATOR ABRAHAMS: So what I'm trying to say is, okay, if the consolidate did that then there should be some type of analysis that says if we did not have the consolidation, which we didn't have in the previous years, then there should be some type of comparative analysis which analyzes everything and puts it into place. Was there an analysis like that done?

DEPUTY COUNTY EXECUTIVE SULLIVAN: There was an analysis. I think Budget Review did a very similar analysis to what we did.

LEGISLATOR ABRAHAMS: So you did an

analysis?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I just said Budget Review did an analysis and we looked at the number as well.

LEGISLATOR ABRAHAMS: Ah. So basically we should just -- alright. We have to get the analysis.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That was addressed to all members of the legislature. It was sent out.

LEGISLATOR ABRAHAMS: Okay. The next line of questioning I want to get into -- and I'm going to allow Legislator Denenberg to get into it to a greater degree. What is your position and do you believe there is a need for necessary authorization for additional tax cert borrowing in 2013?

DEPUTY COUNTY EXECUTIVE SULLIVAN: My position has always been that NIFA and the county agreed to \$450 million of transitional finance. That is something we stated and obviously that would be using to address the long-term backlog in addition to some term pay, in addition to other judgments and settlements.

LEGISLATOR ABRAHAMS: Okay. But you do understand that the comptroller's report disagrees with you on this issue. The comptroller's report, if I understand it correctly, and I look forward to asking this question to Mr. Maragos directly, but it doesn't account for any additional borrowing for tax certs, doesn't account for any additional tax cert liability in 2013, doesn't include any bonding for term pay, as well as for police term pay. I'm going to get into that question with you later on why we budgeted for CSEA term pay but not police. But why would --

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Again, that is transitional financing, sir.

LEGISLATOR ABRAHAMS: The comptroller gets to I believe a surplus of \$5.6 million which presents this county with an influx -- not an influx but additional amount of surplus dollars but at the same time we don't have to do any of these things. But you are expecting these things to be done, in terms of borrowing.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes, I am.

LEGISLATOR ABRAHAMS: Have you tried to understand the comptroller's position?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think you're allowed to have differences of opinion. And when you talk about a \$3 billion budget you're going to get differences of opinion. Their numbers are slightly more optimistic than mine with respect to sales tax; he may be right. But I tend to be conservative when we look at sales tax and when we talk about purchases made during a storm and things like that. So you can have differences of opinion.

LEGISLATOR ABRAHAMS: Do you think -- without these things being done, Mr. Sullivan, without the borrowing for tax certioraris, without the borrowing for, which I haven't seen a number for an accrual for 2013. Without these things being done, the 35 million that's going to be borrowed later on, do you agree that Mr. Maragos got to a \$5.6 million surplus? Is that even possible without those things being done?

DEPUTY COUNTY EXECUTIVE SULLIVAN: You best ask the comptroller.

LEGISLATOR ABRAHAMS: No. I'm asking

you in your opinion --

DEPUTY COUNTY EXECUTIVE SULLIVAN: My opinion is not -- obviously I put out reports. We do monthly forecasts and things like that. We stand by our numbers. It's not my job to opine on.

LEGISLATOR ABRAHAMS: I am interested in your opinion because there is a \$5.6 million number that's being presented out there. And I would like to know how you feel that if the bonding is not done for tax certs or for addressing the liability that's in the 2013 budget in regards to tax certs, if those things are not done, do we get to a \$5.6 million surplus?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's possible. Again --

LEGISLATOR ABRAHAMS: How?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Let me finish.

LEGISLATOR ABRAHAMS: Okay.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Again, we had an agreement with NIFA in the fall of 2011 to borrow \$450 million of transitional

1 finance to address three areas of the budget:
2 tax certs, judgments and settlements, and terms
3 pay. And that is something that I believe we put
4 together a financial plan and we are on target.
5 We've achieved a successful 2012. I think it is
6 imperative to go forward and to stick with the
7 plan. I'm a big believer in plans.

8
9 LEGISLATOR ABRAHAMS: I'm not
10 disagreeing with whether we stick with the plan
11 or not. What I'm disagreeing with is that the
12 comptroller's report indicates that there is no
13 additional bonding for tax certs. That means
14 beyond the 40 million that has been done already,
15 he's assuming that we're not going to go any
16 further. What I'm asking you directly is does
17 the county need that to survive and if they do
18 need that to survive then obviously if you start
19 with the 35 million that's going to be bonded
20 later on, then that reverses this 5.6 million
21 number into a \$30 million deficit that the
22 comptroller should be projecting not \$5.6 million
23 surplus. So what I'm asking is do you agree or
24 do you disagree that the legislature should go
25 forward with this level of borrowing and

2 discredit the fact that this \$5.6 million surplus
3 can't do it without it?

4 DEPUTY COUNTY EXECUTIVE SULLIVAN:

5 Again, it's not my job to render opinions on
6 whether or not - I believe we come out with
7 monthly reports and that is something that we
8 report to this body, it's on our website, and
9 we're here to testify on our numbers and I stand
10 by our numbers. Again, I did state in my initial
11 testimony that I think we budgeted some things
12 conservatively and I think that's the right way
13 to run a budget.

14 LEGISLATOR ABRAHAMS: I'll close on
15 this statement. Not close on in general but
16 close in this area on this statement. Your
17 surplus - if I remember your testimony, OMB is
18 projecting a number slightly below \$10 million.

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
20 was as of the end of July. August 20, which was
21 the last.

22 LEGISLATOR ABRAHAMS: And that assumes
23 borrowing additionally for tax certs for this
24 year.

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: That

is correct.

LEGISLATOR ABRAHAMS: And basically if you did not have that you would have a deficit. So if there is no borrowing that is done, if the legislature does not borrow the \$35 million that's going to be coming in the coming months or weeks, whatever, if the legislature does not borrow that then the county will end with a deficit.

DEPUTY COUNTY EXECUTIVE SULLIVAN: You stated at your initial comments, sir, that 2009 ended with a million and a half surplus and that was borrowing \$65 million.

LEGISLATOR ABRAHAMS: No, no.

DEPUTY COUNTY EXECUTIVE SULLIVAN: There was 65 million borrowed in tax certs in 2009. With the 65 million financed they ended with a \$1.5 million surplus. So with your math, then it would be a \$63.5 million deficit in 2009.

LEGISLATOR ABRAHAMS: I understand what you're driving at, Mr. Sullivan. But let's get back to the point. We're in 2013.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR ABRAHAMS: 2013 you are

2 projecting a surplus slightly under \$10 million,
3 correct?

4 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.
5 Conservatively projecting.

6 LEGISLATOR ABRAHAMS: You are also
7 assuming borrowing additionally for tax
8 certioraris.

9 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
10 was the assumption in July. That is correct.

11 LEGISLATOR ABRAHAMS: And that number
12 is?

13 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
14 was for \$35 million.

15 LEGISLATOR ABRAHAMS: Thirty-five
16 million dollars.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN:
18 Right.

19 LEGISLATOR ABRAHAMS: So that's
20 factored into - so if you had to pay that out of
21 your operating budget, alright, you had to hit
22 the operating budget, not bond for, what would
23 your projected number be then?

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: At
25 that point, obviously we would do the math. I

1 think things would possibly change and we're
2 looking at sales tax as the year goes on the
3 number would solidify further. We had a good
4 August number. That would be in our August
5 projections.

6
7 LEGISLATOR ABRAHAMS: Not to cut you
8 off. Not so much as the year goes on. We're
9 talking about your projected number now. If you
10 had to take out the bonding for tax certioraris,
11 the 35 million out of your projection --

12 DEPUTY COUNTY EXECUTIVE SULLIVAN:
13 Noting that my numbers were conservative, that
14 would be correct.

15 LEGISLATOR ABRAHAMS: you would be at a
16 25 percent -- you would be at a \$25 million
17 deficit.

18 DEPUTY COUNTY EXECUTIVE SULLIVAN:
19 Potentially.

20 LEGISLATOR ABRAHAMS: Potentially, yes,
21 projected. I go back to the point with Mr.
22 Maragos. If Mr. Maragos is not including these
23 things and he's somehow getting to a \$5.6 million
24 surplus, but you feel it's vital for you to get
25 to your number, which is a slight surplus under

1 \$10 million, then I go back to the point of how
2 Mr. Maragos -- we're going to ask the question to
3 Mr. Maragos. I find it hard to believe we can
4 get to 5.6 if you find it so vital we do the
5 bonding to get to your \$10 million surplus.
6

7 DEPUTY COUNTY EXECUTIVE SULLIVAN:

8 Again, when you talk about a budget that's nearly
9 \$3 billion, you look at \$50 million, which is
10 probably what's in play, you're talking \$35
11 million is slightly over one percent. I think
12 reasonable minds can differ over one percent,
13 especially slightly, definitely more than half
14 way through the year.

15 LEGISLATOR ABRAHAMS: But you do know
16 that's enough for NIFA to take over.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: NIFA
18 has already taken over, sir.

19 LEGISLATOR ABRAHAMS: Well, my point
20 exactly. To keep NIFA in control, one percent is
21 the margin, isn't it?

22 DEPUTY COUNTY EXECUTIVE SULLIVAN: Also,
23 there is a NIFA test that they do which is
24 actually stricter than GAP, that, to be noted,
25 under those rules that would be correct.

LEGISLATOR ABRAHAMS: The ultimate question on this issue, Mr. Sullivan, comes down to one thing. It sounds like to me - and we'll get into Mr. Maragos' numbers - Mr. Maragos does not believe we need to borrow in order to get to \$5.6 million in a surplus. We would like to hear how that road map develops. From that standpoint, you're saying we do need to do it. Why should we believe you over Mr. Maragos? That's what it comes down to from our side.

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's - obviously we don't have a crystal ball for forecasting. Again, I note that we were conservatively projecting sales tax of \$10 million favorable to budget. I do think there is a good potential for upside there. Again, our headcount control is now at 7307. I believe actually it's down to 7301 since we did this report a couple days ago, our analysis. We've really managed to cut the expenses and sales tax is favorable.

LEGISLATOR ABRAHAMS: My final point - I don't know in the pecking order if Legislator Denenberg is next. My final point comes down to

2 the tax accrual in 2013, what number is that?

3 DEPUTY COUNTY EXECUTIVE SULLIVAN: When
4 you --

5 LEGISLATOR ABRAHAMS: Tax rate accrual.
6 I'm sorry.

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: put a
8 budget together there are never accruals in any
9 budget.

10 LEGISLATOR ABRAHAMS: What do you
11 project to be - what's the liability in terms of
12 what you would pay out for the 2013 number?

13 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
14 know at minimum that there was obviously 82
15 million that was in order that was stayed from
16 last year. I think it was 82 million.

17 LEGISLATOR ABRAHAMS: Is that number
18 factored into your projection of a \$10 million
19 surplus?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.
21 With financing dollars, that is correct.

22 LEGISLATOR ABRAHAMS: So you guys have
23 factored in that the accrual for 2013 will be
24 about \$82 million and that's factored into the 10
25 million.

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: No,
3 it's not an accrual. I think it was a 2012
4 accrual that was stayed by the --

5 LEGISLATOR ABRAHAMS: No, no. So
6 you're going back; I'm going forward.

7 DEPUTY COUNTY EXECUTIVE SULLIVAN:
8 Right.

9 LEGISLATOR ABRAHAMS: Every year - the
10 2012 accrual, whatever you want to demonstrate it
11 was. The 2012, the \$88 million number that I
12 believe Judge Adams decreed was going to be paid
13 out as part of 2013 when it hit the 2012, and
14 that's a number question, too. If it did hit
15 2012, does 2012 really end with a surplus?
16 That's another question, but you can answer that
17 afterwards. I'm talking about the 2013 number.
18 What's the 2013 number that will be represented
19 to the 2012 number that the 88 was?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: It's
21 really difficult. You don't do accruals at this
22 time of the year. Accruals are usually done in
23 month 13. Again, to talk about an accrual at
24 this time of the year I think is premature.

25 LEGISLATOR ABRAHAMS: Historically that

2 number has been over \$80 million.

3 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
4 would say no. The accrual has never been over 80
5 million.

6 LEGISLATOR ABRAHAMS: The liability
7 that we're going to pay out in tax certs --

8 DEPUTY COUNTY EXECUTIVE SULLIVAN: Well
9 that's not - a liability that you pay out is
10 different from an accrual, sir. An accrual is
11 something that you didn't chew up during the
12 year, was not paid.

13 LEGISLATOR ABRAHAMS: Maybe I'm using
14 the wrong terminology. But the bottom line is
15 the total number that we plan to pay out in 2013
16 minus what Mr. Maragos - I'm sorry - minus what
17 Judge Adams has ordered that we pay out is what
18 number again?

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'll
20 have to get back to you on that one, sir. You're
21 asking about new 2013 liability?

22 LEGISLATOR ABRAHAMS: Yes.

23 DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay.
24 The year is not over.

25 LEGISLATOR ABRAHAMS: According to the

backlog, yes.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay.

LEGISLATOR ABRAHAMS: But we always know that number, just like we knew the number -- how did Judge Adams come up with \$88 million in an order for it to be paid out from 2012 to be shipped to 2013? We know that number. We had to know that number because he wouldn't just come up with a pie out of the sky.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe those were judgments that were deemed payable at that time, sir.

LEGISLATOR ABRAHAMS: So we could determine now things that would go through the process to become judgments. And we don't know that number now in September?

DEPUTY COUNTY EXECUTIVE SULLIVAN: No, we don't know it yet. I could check for you.

LEGISLATOR ABRAHAMS: And historically what has that number been?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think it's bounced around a lot over the years. Again, I know we bonded between 2000 and 2010 over a billion dollars for it and obviously

there's some out of operating, so obviously it's a substantial liability.

LEGISLATOR ABRAHAMS: The number's never been zero.

DEPUTY COUNTY EXECUTIVE SULLIVAN: No.

LEGISLATOR ABRAHAMS: So, in all honesty, is that number factored into your \$10 million surplus?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm sorry, sir. Repeat it one more time.

LEGISLATOR ABRAHAMS: The number's never been zero.

DEPUTY COUNTY EXECUTIVE SULLIVAN: To my knowledge, no.

LEGISLATOR ABRAHAMS: So if the number's never been zero, have you factored in any number to your \$10 million projection surplus?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sir, again, we are looking - our projection was based on the county adhering to the plan that was set up to finance.

LEGISLATOR ABRAHAMS: So the number regardless because you plan to bond for it.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That was the initial thing; obviously, you were in discussions I believe for that, sir.

LEGISLATOR ABRAHAMS: We were in discussions in regards to the 88.

DEPUTY COUNTY EXECUTIVE SULLIVAN: You weren't in discussions on the 75?

LEGISLATOR ABRAHAMS: We're mixing numbers. We were in discussion - the 75 you're talking about that's a whole other story. We believe that the 75 was going to be paid out in direct correlation with the 88 --

DEPUTY COUNTY EXECUTIVE SULLIVAN: And that is still --

LEGISLATOR ABRAHAMS: that's the residential portion of it was going to be paid out of the 88.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR ABRAHAMS: So from that standpoint you got the 88 sitting out there, and then you have possibly some new millions of dollars in backlog that need to be also addressed also, which to me is another ball of wax, in my

2 opinion. That doesn't tie to the original 75.
3 It sounds like you're double counting it.

4 DEPUTY COUNTY EXECUTIVE SULLIVAN: No.
5 There was also - I believe from prior years
6 there's a 35, \$36 million accrual that is in the
7 budget, things that already accrued that we have
8 not yet paid. I also believe we had \$18 million
9 of pay-go to budget.

10 LEGISLATOR ABRAHAMS: Has the pay-go
11 been paid yet?

12 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
13 believe almost half of it has been paid, yes.

14 LEGISLATOR ABRAHAMS: No, no. I'm
15 talking about in reference to the announcement
16 that in this recent payout that we were going to
17 do 40, 35, and then \$20 million in pay-go.

18 DEPUTY COUNTY EXECUTIVE SULLIVAN:
19 That's correct.

20 LEGISLATOR ABRAHAMS: Has the pay-go
21 been paid?

22 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
23 said about half.

24 LEGISLATOR ABRAHAMS: Oh. So half of
25 the 20, in conjunction with the 95 has been paid

2 already.

3 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

4 LEGISLATOR ABRAHAMS: Ten million,

5 roughly.

6 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yeah.

7 LEGISLATOR ABRAHAMS: Oh. Okay. I

8 wasn't aware of that. And that was attributed to

9 Judge Adams' order?

10 DEPUTY COUNTY EXECUTIVE SULLIVAN: I

11 believe that was residential, yes.

12 LEGISLATOR ABRAHAMS: So people have

13 been paid.

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

15 LEGISLATOR ABRAHAMS: Residents have

16 been paid?

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: Uhm,

18 hmm.

19 LEGISLATOR ABRAHAMS: That's all I have

20 for now.

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: Thank

22 you, sir.

23 LEGISLATOR ABRAHAMS: Thank you.

24 CHAIRMAN KOPEL: Legislator Denenberg.

25 LEGISLATOR DENENBERG: Thank you.

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: Good
3 afternoon.

4 LEGISLATOR DENENBERG: Mr. Sullivan,
5 good afternoon. I guess not going to be a good
6 afternoon for you, right? You have to leave here
7 --

8 DEPUTY COUNTY EXECUTIVE SULLIVAN: It
9 depends what you do in the next half hour or so,
10 sir.

11 LEGISLATOR DENENBERG: I actually
12 thought during some of that questioning that
13 you're already at the dentist; it was like
14 pulling teeth for Legislator Abrahams.

15 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
16 hope they don't have to pull it. I'm just hoping
17 they can do what they have to do.

18 LEGISLATOR DENENBERG: I always feel
19 it's like pulling teeth, like the questioning
20 last time about some of the SEC filings. But
21 let's have more fun than the dentist, I hope.

22 Quick question. Legislator Abrahams was
23 just talking about the 213 budget and the
24 projected - your projection of a \$9.2 million
25 surplus and asked a question regarding the

2 projected borrowing for tax certs, borrowing for
3 termination pay, if that had been added to the
4 budget, that borrowing, wouldn't it be a deficit?
5 And the reason why I said it was like pulling
6 teeth, I think that the answer he got was in 2009
7 borrowing was not counted either.

8 DEPUTY COUNTY EXECUTIVE SULLIVAN: No,
9 sir, that wasn't my answer. I believe --

10 LEGISLATOR DENENBERG: Well, are we
11 counting projected borrowing when you're look --

12 DEPUTY COUNTY EXECUTIVE SULLIVAN: The
13 surplus --

14 LEGISLATOR DENENBERG: at that \$9.2
15 million surplus.

16 DEPUTY COUNTY EXECUTIVE SULLIVAN: that
17 - the projected surplus in July that we put out
18 did contemplate \$75 million, that was my
19 understanding at the time.

20 LEGISLATOR DENENBERG: So when you said
21 it included \$75 million worth of borrowing, how
22 did it include it? Did it include it as revenue?

23 DEPUTY COUNTY EXECUTIVE SULLIVAN: No.
24 It's doesn't generate an operating expense.

25 LEGISLATOR DENENBERG: So it was

included as not an expense.

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Correct.

LEGISLATOR DENENBERG: If it was included as an expense then that 9.2 million would have been a deficit of 66 million.

DEPUTY COUNTY EXECUTIVE SULLIVAN: And you could do that with any year, sir. We could go back for the last 15, 20 years, you're well aware of that.

LEGISLATOR DENENBERG: Okay. So let's just go back, since you wanted to go back to 2009. The surplus in 2009 included \$50 million pay-as-you-go for tax certs, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: And \$65 million of financing, that's correct.

LEGISLATOR DENENBERG: Fifty million, my question was it included -- we're not at the dentist yet. It included \$50 million pay-as-you-go for tax certs, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe it was \$115 million - 50 pay-go, 65 financed.

LEGISLATOR DENENBERG: It included 50

2 million pay-as-you-go for tax certs, correct?

3 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
4 said it was 50 million pay-go and 65 financing,
5 for a total of 115.

6 LEGISLATOR DENENBERG: I think everyone
7 here thinks I'm the dentist now, trying to pull
8 out this.

9 DEPUTY COUNTY EXECUTIVE SULLIVAN: But
10 there is an answer there, sir.

11 LEGISLATOR DENENBERG: It included 50
12 million pay-as-you-go, correct? Yes or no?

13 DEPUTY COUNTY EXECUTIVE SULLIVAN: It's
14 50 million pay-go and 65 million financing.

15 LEGISLATOR DENENBERG: Okay. We're
16 already at the dentist. How much pay-go are we
17 including this year?

18 DEPUTY COUNTY EXECUTIVE SULLIVAN:
19 Twenty, sir.

20 LEGISLATOR DENENBERG: So if it were 50
21 this year, your \$9.2 million surplus would
22 become, comparing 2009 to 2013, which you did for
23 Legislator Abrahams, would then become a \$21
24 million deficit.

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: What

2 is your math again?

3 LEGISLATOR DENENBERG: My math is
4 actually one plus one equals two.

5 DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay.

6 LEGISLATOR DENENBERG: So if you're
7 including pay-go --

8 DEPUTY COUNTY EXECUTIVE SULLIVAN:
9 Sometimes that's tricky.

10 LEGISLATOR DENENBERG: of 20 this year -
11 -

12 DEPUTY COUNTY EXECUTIVE SULLIVAN: You
13 could be talking billions, millions. I get lost.

14 LEGISLATOR DENENBERG: versus 30 in 2009
15 -- I'm sorry -- 50 in 2009, 20 this year, that
16 means there's 30 million less pay-go this year.
17 If we instead try to pay-as-you-go instead of
18 borrowing, and we had \$50 million this year
19 instead of 20, you'd have to take 30 off of your
20 surplus, so a \$9.2 million surplus becomes a \$21
21 million deficit. I think everyone here can see
22 that my math actually's one plus one equals two
23 there.

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: And I
25 guess my math in response to that would be if you

2 did the same thing for 2009 it would be a \$63.5
3 million deficit, which would be about a third of
4 that deficit.

5 LEGISLATOR DENENBERG: No. Now you're
6 including what you said was 65 million of
7 borrowing, which was actually less than 50. We
8 are already not including --

9 DEPUTY COUNTY EXECUTIVE SULLIVAN: It
10 wasn't less than 50, sir. It was --

11 LEGISLATOR DENENBERG: But you're
12 borrowing 75 this year you don't want to include.

13 DEPUTY COUNTY EXECUTIVE SULLIVAN: You
14 can include it if you want, sir. We're splitting
15 hairs on semantics here. Obviously, there was a
16 plan that was agreed to by the control board,
17 that you reference all the time, that was for
18 \$450 million of financing and that was
19 transitionally over a four year period. That was
20 the whole basis for the county to work on --

21 LEGISLATOR DENENBERG: Actually, the
22 whole basis for the control board to take over
23 was because of your refusal to put 50 million a
24 year for pay-as-you-go --

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: I

2 don't know if that was --

3 LEGISLATOR DENENBERG: that comes
4 straight from Mr. Stack and Mr. Marland from
5 January of 2011, saying that the refusal to put
6 50 million pay-as-you-go, among other things.
7 There were three of four other things, where they
8 said the budget failed and would result in a
9 deficit for 2011. And they were right, 2011 did
10 have a deficit.

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: From
12 the same standard, 2012 had a surplus. On the
13 same standard.

14 LEGISLATOR DENENBERG: How much pay-go
15 do you have in your budget this year?

16 DEPUTY COUNTY EXECUTIVE SULLIVAN:
17 Twenty.

18 LEGISLATOR DENENBERG: How much pay-go
19 was in the budget in 2009?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN:
21 Fifty.

22 LEGISLATOR DENENBERG: Okay. It's a big
23 difference. 2012, how much pay-go was in the
24 budget? 2012?

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm

2 thinking. You're asking me lots of questions
3 here. I don't believe there was. I believe it
4 was supposed to be financed.

5 LEGISLATOR DENENBERG: I really am a
6 dentist here.

7 DEPUTY COUNTY EXECUTIVE SULLIVAN:
8 Actually, there was 75 million in the budget.

9 LEGISLATOR DENENBERG: That was
10 transferred to cover salaries, correct?

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: No,
12 sir.

13 LEGISLATOR DENENBERG: It wasn't used to
14 pay any tax certs, was it?

15 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
16 don't believe we paid tax certs. A lot of it was
17 -- I think an authorization was set up and we
18 contemplated borrowing that amount.

19 LEGISLATOR DENENBERG: So in 2012 zero
20 tax certs was paid from pay-go?

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
22 is correct.

23 LEGISLATOR DENENBERG: In 2011 zero tax
24 certs were paid from pay-go.

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'd

2 have to check.

3 LEGISLATOR DENENBERG: Okay. Can you
4 ever find a two year period in Nassau County
5 history where zero money for tax certs were paid
6 as you go?

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: Oh,
8 yeah. Sure. Before 2004/05 there wasn't any.

9 LEGISLATOR DENENBERG: That's just not
10 true.

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
12 is exactly true.

13 LEGISLATOR DENENBERG: No.

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: Wanna
15 bet?

16 LEGISLATOR DENENBERG: There was always
17 -- even going back to the Gulotta years, it was
18 about 20 million a year paid as you go.

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: No.
20 I dispute that.

21 LEGISLATOR DENENBERG: Oh. That's not
22 true. That's not true. And in 2003, '04, '05,
23 to pay the backlog, which you said to Mr.
24 Abrahams the backlog in Jan 1, 2002 was 400
25 million; is that what you said?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I didn't say that. Legislator Abrahams said it.

LEGISLATOR DENENBERG: You were the -- when I first became a legislator I believe your position was the same as Mr. Chalmers is now, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That's correct.

LEGISLATOR DENENBERG: You were the Independent Office of Legislative Budget Review.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR DENENBERG: And you stayed in that position until --

DEPUTY COUNTY EXECUTIVE SULLIVAN: About a year, I think.

LEGISLATOR DENENBERG: you actually went to work for NIFA, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Correct.

LEGISLATOR DENENBERG: Okay. Do you recall in 2000, before you went to NIFA -- I believe you went to the NIFA in the end of 2000.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Ah, yes.

LEGISLATOR DENENBERG: I don't want to get it wrong. But you and I had questions and I had sent you a memo to ask you what the backlog of tax certs was way back in 2000.

DEPUTY COUNTY EXECUTIVE SULLIVAN: You're actually asking me about a memo sent in the fall of 2000 now?

LEGISLATOR DENENBERG: Well, if you look back at that time the backlog was actually over half a billion dollars.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Someone just stated here it was 400 million.

LEGISLATOR DENENBERG: You said, Mr. Abrahams, that was his number. I actually think it was over half a billion at the end of the Gulotta years. And I would think if you're going to have half a billion of backlog tax certs as opposed to 125 million, like in 2010, or 160, because I know myself and Mr. Maragos were using both numbers in 2010, that there is very little choice at that point.

What's our backlog going to be at the end of this year?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I

wouldn't speculate at this point in time.

LEGISLATOR DENENBERG: You wouldn't speculate?

DEPUTY COUNTY EXECUTIVE SULLIVAN: No. It was 297 at the end of '12.

LEGISLATOR DENENBERG: You're the Deputy County Executive for the Office of Management and Budget.

DEPUTY COUNTY EXECUTIVE SULLIVAN: A lot depends on the actions of this legislature, sir, and how much we get paid this year. So there are --

LEGISLATOR DENENBERG: How much you get paid?

DEPUTY COUNTY EXECUTIVE SULLIVAN: How much gets paid with respect to tax certs.

LEGISLATOR DENENBERG: And that's going to depend on how much we borrow.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe there was an agreement for 75 million. If that agreement is not in place, then obviously that would change things.

LEGISLATOR DENENBERG: So if that agreement stays in place -- and I think we

1 already borrowed for 40 million of that 75. In
2 fact, I know we already approved 40 of the 75.

3 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

4 LEGISLATOR DENENBERG: Let's assume the
5 whole 75 is borrowed. What is the liability for
6 tax certs going to be, in your projection, at the
7 end of this year?

8 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
9 don't do projections in terms of long-term
10 liability. Things can change between now and
11 then.

12 LEGISLATOR DENENBERG: The Office of
13 Management and Budget doesn't do a long-term --

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: Not
15 with respect to long-term debt. You don't do
16 monthly projections on long-term debt.

17 LEGISLATOR DENENBERG: And that's not
18 factored -- aren't you working on the 2014 budget
19 right now?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
21 is correct.

22 LEGISLATOR DENENBERG: Isn't an
23 important factor of the 2014 budget what the
24 cumulative liability for tax certs would be?

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: Not
3 the cumulative. I think there was a workout
4 plan; again, that was the \$450 million that I
5 previously discussed.

6 LEGISLATOR DENENBERG: So when you came
7 in there was at least 120, maybe 164 million of
8 tax cert liability, correct?

9 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
10 is correct, after we financed about a billion one
11 in the prior ten year period.

12 LEGISLATOR DENENBERG: So the plan was
13 to fully borrow for that 120 to 165 in the next
14 three of four years worth, correct?

15 DEPUTY COUNTY EXECUTIVE SULLIVAN: That
16 is correct.

17 LEGISLATOR DENENBERG: And at that point
18 the liability would go away because we would push
19 that liability onto the taxing jurisdictions such
20 as schools, villages, towns, fire districts,
21 correct?

22 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
23 wouldn't convey it as such. Actually, I would
24 convey it as acting like the rest of the state
25 and most likely the nation.

LEGISLATOR DENENBERG: But that was the plan, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I wouldn't convey it as such.

LEGISLATOR DENENBERG: What would you convey it as?

DEPUTY COUNTY EXECUTIVE SULLIVAN: The person that received the revenue is responsible for that.

LEGISLATOR DENENBERG: So the plan was that the schools, the towns, the villages and the fire departments would be responsible for the tax refunds that were attributable to those districts.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I know you're --

LEGISLATOR DENENBERG: Did I say that nicer?

DEPUTY COUNTY EXECUTIVE SULLIVAN: all aware of how many school districts are in the State of New York, and I'm also sure that you're aware that this happens in every place but Nassau County.

LEGISLATOR DENENBERG: I think that was

just a yes or no.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think we're lining ourselves with the elimination of the county guarantee, which you're aware there is some litigation on.

LEGISLATOR DENENBERG: How's that plan going?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It is in litigation.

LEGISLATOR DENENBERG: Haven't we lost up to this appeal at this point?

DEPUTY COUNTY EXECUTIVE SULLIVAN: You can check with the county attorney's office.

LEGISLATOR DENENBERG: You don't think the decision was against us? You, as the Office of Management and Budget, a deputy county executive, don't know how the decision went so far?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It's on appeal, sir.

LEGISLATOR DENENBERG: Okay. Who is appealing?

DEPUTY COUNTY EXECUTIVE SULLIVAN: We are.

2 LEGISLATOR DENENBERG: Because we lost,
3 correct?

4 DEPUTY COUNTY EXECUTIVE SULLIVAN:
5 Commenting on, I don't think it's helpful. I
6 don't think it's helpful for a legislator -- if
7 your true interest is to represent --

8 LEGISLATOR DENENBERG: But you're a
9 deputy county executive.

10 DEPUTY COUNTY EXECUTIVE SULLIVAN: If
11 your true interest is to represent --

12 LEGISLATOR DENENBERG: And you are
13 projecting --

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: the
15 needs of the county, I don't think it's wise to
16 protect --

17 LEGISLATOR DENENBERG: I'm scared if I'm
18 a taxpayer. If I'm a taxpayer and the person
19 writing the county \$3 billion budget doesn't know
20 whether we won or lost a case --

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: I do
22 know, sir, but I don't think we should be talking
23 about litigation --

24 LEGISLATOR DENENBERG: that has the
25 ramifications of hundreds of millions of dollars

--

DEPUTY COUNTY EXECUTIVE SULLIVAN: as an attorney, you should be aware of that. I don't think you should be opining on litigation that's out there now.

LEGISLATOR DENENBERG: Well --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Most people don't comment on something that's sensitive like that.

LEGISLATOR DENENBERG: If we lose the appeal and we lost in the court below, what's your plan going forward to pay for the tax certs?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think we've demonstrated with respect to the small claims cases that we've eliminated those, and I believe a similar plan will be in place to proceed with the larger --

LEGISLATOR DENENBERG: What's your plan?

DEPUTY COUNTY EXECUTIVE SULLIVAN: To settle the cases before the role goes final.

LEGISLATOR DENENBERG: Why aren't we doing that now?

DEPUTY COUNTY EXECUTIVE SULLIVAN: We're in the process of doing that. As you know, this

is the first administration that has eliminated all small claims.

LEGISLATOR DENENBERG: First of all, eliminating small claims by giving everyone what they request so that you get reduction on request actually raises taxes on everyone else who hasn't challenged. The end result is the challenges, the number of challenges have now doubled. Have you looked at that?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I don't think it's doubled, sir.

LEGISLATOR DENENBERG: You don't think it's increased?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Check with ARC.

LEGISLATOR DENENBERG: I'm sorry?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe this year maybe -- again, we had a hurricane this year as well, sir.

LEGISLATOR DENENBERG: We can blame everything on Sandy. But the problem is --

DEPUTY COUNTY EXECUTIVE SULLIVAN: No. That would be a specific case.

LEGISLATOR DENENBERG: the 2012

1 challenges were filed in January and February and
2 they were literally, literally almost double the
3 challenges in January and February 10, only two
4 years earlier. So giving people reduction on
5 request isn't really the answer because when you
6 get to commercial tax certs people have a backlog
7 now of four, five, sometimes even longer, six,
8 seven years. So if you give them what they
9 request, it's going to be a carousel, it's just
10 going to continue. And, and you're not -- you
11 can't possibly reduce for this year's role when
12 someone has a backlog of four, five, six years.
13 It's going to be a refund, you know that. You
14 can't agree with me on that?

15
16 DEPUTY COUNTY EXECUTIVE SULLIVAN: Sir,
17 I would say that obviously this is a problem that
18 has been plaguing the county for 20 years, and I
19 think this administration took legal action and I
20 think also it took aggressive action settling
21 small claims. I think it's something to be --

22 LEGISLATOR DENENBERG: To me the big
23 plan --

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: proud
25 of. That's what I think.

LEGISLATOR DENENBERG: The big plan is sitting in the Court of Appeals and we're losing. And the fact of the matter is the deputy county executive for management and finance said you didn't know what the status of the case was and -

DEPUTY COUNTY EXECUTIVE SULLIVAN: No. I didn't say that, sir. You're putting words in my mouth --

LEGISLATOR DENENBERG: you didn't even know that we lost the case --

DEPUTY COUNTY EXECUTIVE SULLIVAN: and you're being inaccurate.

LEGISLATOR DENENBERG: And I asked you for a plan --

DEPUTY COUNTY EXECUTIVE SULLIVAN: And I think you should be accurate when you speak.

LEGISLATOR DENENBERG: I think the only plan you have is never accrue, never accrue any liability in the current year so you can claim a surplus and then hope to borrow it in future years.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I would be glad to put the borrowing, if you want

to go tit for tat, year for year, you know because you were here, what happened between 2000 and 2010 and how much was borrowed.

LEGISLATOR DENENBERG: I just showed you; 50 million a year was put into pay-go --

DEPUTY COUNTY EXECUTIVE SULLIVAN: No. My question --

LEGISLATOR DENENBERG: And if you have to put \$50 million this year into pay-go --

DEPUTY COUNTY EXECUTIVE SULLIVAN: A billion one was borrowed.

LEGISLATOR DENENBERG: You'd have over a \$20 million deficit. I just showed you that. One plus one always has to equal two in the bottom line.

Let me ask you about -- let me ask you about the police consolidation. There's something you said that I don't really understand. The overtime, correct me if I'm wrong, and this was Legislator Abrahams' questioning. You felt that the number of attrition or the amount of attrition added to overtime because obviously we have less sworn officers, so therefore we're at a number where

overtime is going up because of the low number of officers, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think attrition exceeded expectations which is spiking up the number and especially this year. Last year the big increase was due to the storm, 16 million out of 65.

LEGISLATOR DENENBERG: One of the reasons, I believe one of the reason for the -- well, what was the number of attrition?

DEPUTY COUNTY EXECUTIVE SULLIVAN: For what year?

LEGISLATOR DENENBERG: You said that it was higher than expected, I would assume for 2012.

DEPUTY COUNTY EXECUTIVE SULLIVAN: So far in '13 the attrition has been strong.

LEGISLATOR DENENBERG: Okay. What's the number?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'll get you the exact number, sir, I don't have it at my fingertips.

LEGISLATOR DENENBERG: Well, to stay it's strong, it has to be a number that's above

the average, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR DENENBERG: So what's the average number?

DEPUTY COUNTY EXECUTIVE SULLIVAN: We are anticipating 125 for this year.

LEGISLATOR DENENBERG: 125 this year. And what's the average?

DEPUTY COUNTY EXECUTIVE SULLIVAN: The average is somewhat lower than that. I think it's between 80 and 100.

LEGISLATOR DENENBERG: Last year, 2012, we were attributing an attrition number of 100 towards a savings of 18 to \$20 million.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe that was the report that you guys received. That is correct, sir.

LEGISLATOR DENENBERG: And that number we got with a termination pay incentive or retirement incentive, for lack of a better word.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes. That happened in 2012, that is correct.

LEGISLATOR DENENBERG: So now, without a retirement incentive we're expecting the number

to be even higher, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: This year I think there are several reasons why officers would go. Obviously, as you are well aware, when there are good earning years, and a storm is certainly a good earning year, I think you're going to see higher attrition.

LEGISLATOR DENENBERG: I think a high overtime year is a good earning year as well, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: But I also think if you're in a storm and you're working around the clock, I think one feeds the other.

LEGISLATOR DENENBERG: Well, working around the clock for the storm would have added to our overtime, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: It did, sir.

LEGISLATOR DENENBERG: Now, in 2012, in fact Maurice Chalmers, I didn't get any study from your office so I had asked Mr. Chalmers as the director of the Office of Legislative Budget Review to do a study on police overtime, and I

believe you've referred to his study when Mr. Abrahams was asking some questions, correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I think for that 18, \$20 million attrition number, I believe that was in an OLBR report. That is correct.

LEGISLATOR DENENBERG: Now, in 2012 the overtime was 49.9 million according to Mr. Chalmers. Do you believe that's overstated?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is --

LEGISLATOR DENENBERG: I'm excluding Sandy.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Correct.

LEGISLATOR DENENBERG: 49.9 million.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That is correct.

LEGISLATOR DENENBERG: With Sandy what we put in for, in terms of Sandy recovery --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sixteen million.

LEGISLATOR DENENBERG: I'm sorry?

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Sixteen.

LEGISLATOR DENENBERG: According to Mr. Chalmers it was 14.8 was charged back to the FEMA fund. I'm just reading from his report on May 10, 2013.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay. I thought it was 16. I'm off. We'll reconcile. Close enough.

LEGISLATOR DENENBERG: I'm going to quibble about a million dollars. I'm sorry. You had said that the overtime -- the total overtime number was about 65 million, 15, if I estimate, attributable or charged back to the FEMA fund and roughly 50, 49.9, 50 million in overtime, which was about two million higher, a little less than two million higher than the year before. Correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Correct.

LEGISLATOR DENENBERG: And the year before we were - 2011, we had budgeted in the 20's and we ended up with 48.3 million in overtime.

DEPUTY COUNTY EXECUTIVE SULLIVAN:

2 Again, that was I think the year this legislative
3 body set up a \$23 million contingency budget
4 specifically for overtime.

5 LEGISLATOR DENENBERG: That was in 2012
6 not '11. I just said '11.

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
8 never budgeted 23 for overtime. Your numbers are
9 wrong. That was '12. That was '12, sir. That
10 was done in the fall of '11, and it was for the
11 2012 budget.

12 LEGISLATOR DENENBERG: The overtime was
13 48.3 in '11.

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: If
15 you say so.

16 LEGISLATOR DENENBERG: And what did we
17 budget in '11?

18 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
19 believe it was 44 million or something like that.

20 LEGISLATOR DENENBERG: Okay. And then
21 we budgeted -- in '12 you originally budgeted in
22 the 20's and then we set up a reserve fund, is
23 what you're saying.

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: To
25 come to 44, right.

2 LEGISLATOR DENENBERG: And overtime was
3 50, correct?

4 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
5 think 48.

6 LEGISLATOR DENENBERG: In 2012 it was --

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: 49.9.

8 Okay.

9 LEGISLATOR DENENBERG: So I said 50.

10 DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay.

11 LEGISLATOR DENENBERG: Sorry. 49.9.

12 All of a sudden you're exact; I like it. So
13 let's be exact.

14 The first quarter of 2013 was 32.5
15 percent over the amount of overtime for the first
16 quarter of 2012.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
18 are projecting 60 million for 2013.

19 LEGISLATOR DENENBERG: Mr. Chalmers is
20 projecting 62 million.

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: Okay.

22 LEGISLATOR DENENBERG: I want to quibble
23 about two million.

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: On a
25 forecast?

LEGISLATOR DENENBERG: Well, the forecast of 62 million would be just about where we were last year but last year we had Sandy. So where are we going to pay for this?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe our budget lays it out. If you look at the July actual, I think we're conservatively projecting a nine-plus million dollar surplus.

LEGISLATOR DENENBERG: You said that -- I believe that this great surge upwards in overtime where it was very high in very high in '11, even higher in '12, and now even higher, much higher in '13, even according to you \$10 million higher, 20 percent higher is attributable to -- it's \$20 million higher than last year. It's attributable to the consolidation, that's what I believe. Have you studied that at all?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Twenty million higher than last year?

LEGISLATOR DENENBERG: I'm sorry. Twenty percent higher than last year.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I would -- I think if you went back and you saw back in 2005 when we had over 2470 police

1 officers and it was 59 million back then, you can
2 factor on six or seven years of raises and 300
3 less officers and we're at a similar level. So I
4 think overall, I think the management of the
5 department is good. But I do think right now our
6 staffing is too low, and I think that is
7 something that the police department and us have
8 looked at and that is why we brought 34 officer
9 back in May and there's going to be another class
10 here in the fall.

12 LEGISLATOR DENENBERG: Again, you're
13 still a half hour from that dentist chair, but
14 I'll keep trying to pull teeth, unfortunately. I
15 didn't ask about --

16 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'll
17 be toothless by the time I finish with you, sir.

18 LEGISLATOR DENENBERG: We're 20 percent
19 over and you don't know if it's attributable to
20 consolidation or not?

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: Right
22 now there is excess attrition and our staffing is
23 too low.

24 LEGISLATOR DENENBERG: You said that
25 some of the attrition is officers retired because

2 desk officers were being forced to go into the
3 street so they retired.

4 DEPUTY COUNTY EXECUTIVE SULLIVAN:

5 Obviously I think when you take people out of a
6 comfort zone and people, when you consolidate and
7 people change functions, certain people would
8 retire --

9 LEGISLATOR DENENBERG: Did you study
10 this? Can you name anyone?

11 DEPUTY COUNTY EXECUTIVE SULLIVAN: If
12 you want me to get the list, sure.

13 LEGISLATOR DENENBERG: I'd love to see
14 that it was more desk officers than patrol
15 officers or regular officers retiring, because I
16 think you're wrong. And before a statement like
17 that should be made, from someone who hasn't
18 studied the course of a consolidation to simply
19 say that we have more attrition because more desk
20 officers were going into the street so they
21 elected to retire --

22 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
23 did look at it, sir. And obviously we came up
24 with a very similar number to the --

25 LEGISLATOR DENENBERG: I think without a

study that's --

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Budget Review Office.

LEGISLATOR DENENBERG: an offensive comment to the officers and to legislators, to the county. But I'll tell you this. Anyone, anyone who is on the job right now who has a situation where the numbers have been allowed to go down this low, you say less than 2200 sworn officers --

DEPUTY COUNTY EXECUTIVE SULLIVAN:

That's not what I said.

LEGISLATOR DENENBERG: How many sworn officers do we have right now?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe it's slightly over 2200.

LEGISLATOR DENENBERG: Okay.

Consolidation, the low number officers, what we're seeing is three years of very high, very high overtime numbers, '11, '12, '12 which is as high as this year if you add Sandy to '12, and this year we're over 60 million or at 60 million according to you, over 60 million according to Mr. Chalmers which is where we were at last year

1 with Sandy. This year we're doing it without
2 Sandy. I will tell you that any officer who has
3 20-plus years on the job and have been seeing
4 that kind of overtime aren't retiring because
5 they were forced to work in the street. They are
6 going to retire because the last three years is
7 what their pension ends up being based upon. And
8 we should have though twice before we
9 consolidated and let the number officers go that
10 low. Three years of overtime being this high
11 almost forced people into retirement.

12
13 DEPUTY COUNTY EXECUTIVE SULLIVAN: As I
14 stated, the number was similar to that at a
15 headcount of over 2450 back in 2004, 2005
16 timeframe.

17 LEGISLATOR DENENBERG: How does that
18 answer my question?

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm
20 just making the analogy. You're making it sound
21 like this is a totally anomaly and this is brand
22 new to Nassau; I'm saying that it isn't.
23 Actually, when you look at this you have to then
24 factor into savings what the less headcount would
25 be.

LEGISLATOR DENENBERG: I don't know how we're paying --

DEPUTY COUNTY EXECUTIVE SULLIVAN: If you look into savings, we're actually not making pension contribution costs for those officers, we're not paying the health insurance cost for those officers that are not hired. So I think there are offsetting savings to the overtime number.

LEGISLATOR DENENBERG: I don't know how we're paying for this overtime. But rather than going '04, '05, I'll go to '11 and I'll go to '12, and I'm reading your answers to my questions. When I said "How are we going to stay within the budgeted amount for overtime?" You stated, in '11, "I am completely confident we will be able to stay within this budgeted amount. We have plans in effect." In 2012 I said, "Even with consolidation you believe that the overtime numbers are going to be at 22.5", which was the budgeted at that point? "Full confidence that we will be able to do that and realize savings from consolidation." My response was, "I don't think we can stay within the \$48 million that we just

had this year." Your answer, "We will be well below that."

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Again, sir, you're ignoring --

LEGISLATOR DENENBERG: I'm not --

DEPUTY COUNTY EXECUTIVE SULLIVAN: the \$23 million -- you're ignoring the contingency.

LEGISLATOR DENENBERG: What contingency?

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Twenty-three and a half million of contingency.

LEGISLATOR DENENBERG: You said we'd be within \$48 million --

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Right.

LEGISLATOR DENENBERG: And we weren't within 50.

DEPUTY COUNTY EXECUTIVE SULLIVAN: We're at 49.9.

LEGISLATOR DENENBERG: 49.9 is not less than 48 except in your math. You got me on that.

DEPUTY COUNTY EXECUTIVE SULLIVAN: You know, sir, I'm actually about 41.5 million overall surplus, so obviously some things -- you can go line by line over the 10,000 lines and you

2 will find things in the budget where there are
3 deficits. But obviously in this situation the
4 favorable variances outnumbered the negative
5 variances to allow us to have a --

6 LEGISLATOR DENENBERG: A 41.5 million
7 surplus is fictitious because you didn't even
8 have 50 million pay-as-you-go. If you did, then
9 we'd have a \$9 million deficit. That cumulative
10 debt that you don't even accrue in tax certs is
11 questionable to me, and it would be questionable
12 to everyone if you're really just looking at it.

13 What are you accruing this year?

14 DEPUTY COUNTY EXECUTIVE SULLIVAN: It
15 would depend on the end of the year, sir, with
16 what's accruable at the end of the year.

17 LEGISLATOR DENENBERG: So right now
18 we're accruing nothing.

19 DEPUTY COUNTY EXECUTIVE SULLIVAN: You
20 don't accrue in the middle of the year.

21 LEGISLATOR DENENBERG: Well you're
22 projecting a surplus at the end of the year --

23 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes,
24 I am.

25 LEGISLATOR DENENBERG: in the middle of

the year. So what did you accrue?

DEPUTY COUNTY EXECUTIVE SULLIVAN: And I am confident we will achieve that surplus.

LEGISLATOR DENENBERG: You accrued zero. This was -- you had no problem saying in the middle of the year that we were going to have a surplus of 9.2. What you can't accrue is what we're going to borrow, which was 94 million, or what we transferred revenue from other funds, which *Newsday* had as 23.5, it's actually probably a lot higher. So the one thing you could do in the middle of the year was project a surplus, but you can't even tell this body how much we're going to accrue in tax certs.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm glad you come with props. But I don't know what the 94 million is. The borrowing was 75 million, and you guys were involved with that. Again, whenever we go to the market, whenever we borrow it's usually by a consensus body and everything that I've seen it's usually 19-nothing.

LEGISLATOR DENENBERG: It's funny how you had a problem with 65 million borrowed in '09 and --

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
3 didn't have a problem --

4 LEGISLATOR DENENBERG: but 75 in '13 was
5 something that not only we should have done --

6 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
7 didn't have a problem with it, sir.

8 LEGISLATOR DENENBERG: but according to
9 you, we should have done over --

10 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
11 stated a fact. I did not have a problem.

12 LEGISLATOR DENENBERG: You wanted us to
13 borrow over \$300 million. The only thing that
14 stopped you from doing that was the legislative
15 minority; otherwise we would have bonded for
16 that. \$305 million that was the first request.

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: Which
18 would be a third of what was borrowed in the
19 prior administration.

20 LEGISLATOR DENENBERG: Let me ask you
21 this. What I call the toilet tax, which you want
22 to call a fee -

23 DEPUTY COUNTY EXECUTIVE SULLIVAN:
24 Excuse me?

25 LEGISLATOR DENENBERG: The toilet tax

which you want to call a fee --

DEPUTY COUNTY EXECUTIVE SULLIVAN: A user fee.

LEGISLATOR DENENBERG: How are we doing with that, the user fee for flushing our toilets?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe it's still in litigation.

LEGISLATOR DENENBERG: Is there an injunction against us imposing it?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR DENENBERG: Okay. I think the taxpayers within the districts where this would be imposed, such as the school districts, such as the towns, such as the villages, would want to know what our plan is. Are we going to go back to 2011 and try to impose this fee?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sir, I'm just curious. So you don't think that we should charge for services that the county provides, yet I'm sure you would say let's not put a tax increase or something in. I'm just curious how you make the math work.

LEGISLATOR DENENBERG: If your math is illegal and is enjoined by a court --

DEPUTY COUNTY EXECUTIVE SULLIVAN: That doesn't make it illegal.

LEGISLATOR DENENBERG: I would say it was a very bad idea.

DEPUTY COUNTY EXECUTIVE SULLIVAN: So you would think that we're the only county in the nation --

LEGISLATOR DENENBERG: And it becomes a negligent idea and almost -- a negligent idea and irresponsible to the taxpayers where you continue to accrue as revenue a fee that you already have an injunction because it's illegal. So I want to know how much of that money we're still anticipating seeing. We budgeted, you would agree, 20 million in 2011, 40 million in 2012; how much of that are we still expecting to collect?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I believe the number is going to be somewhat lower than that, sir.

LEGISLATOR DENENBERG: Wow. So somewhere between zero and --

DEPUTY COUNTY EXECUTIVE SULLIVAN: I would strongly urge this body that being the only

1 county in the nation, in the nation, not in the
2 state, not in Long Island, not in the five
3 boroughs, we're talking in the nation, the only
4 county that does not charge non-profits for the
5 services they receive. They're charged for their
6 utilities. They're charged for their electric.
7 They're charged for their gas. They're charged
8 for their oil.

10 LEGISLATOR DENENBERG: What is it you
11 don't get?

12 DEPUTY COUNTY EXECUTIVE SULLIVAN: What
13 I don't get is why we keep on going back to
14 something where we're the only county in the
15 nation that does something because --

16 LEGISLATOR DENENBERG: Because, first of
17 all --

18 DEPUTY COUNTY EXECUTIVE SULLIVAN: where
19 is the wisdom in that?

20 LEGISLATOR DENENBERG: we have a sewer
21 tax and you're not allowed to tax tax exempts.
22 So if you charge a user fee only on tax exempts
23 that becomes a tax. And if you don't believe me,
24 read the court case that we're now still in
25 litigation on. That's why an injunction was

imposed. But this is a budget hearing.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

LEGISLATOR DENENBERG: How much of the 20 million in '11, 40 million in '12 are we still anticipating receiving? And if you want to answer somewhere between zero and 60 million, I'm fine because, you know what, the taxpayers should know that that's your answer.

DEPUTY COUNTY EXECUTIVE SULLIVAN: When the comptroller closed both the audited statements in 2011 and 2012 no receivable was booked.

LEGISLATOR DENENBERG: Okay. So you're saying we're anticipating zero of it.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm just stating the fact that no receivable was booked.

LEGISLATOR DENENBERG: Now let's go to '13. How much of what I call the toilet tax --

DEPUTY COUNTY EXECUTIVE SULLIVAN: What I call the user fee.

LEGISLATOR DENENBERG: what you call the user fee -- and I have a court order that called it a tax, so, and I'll show it to you.

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: You
3 personally have a court order?

4 LEGISLATOR DENENBERG: What?

5 DEPUTY COUNTY EXECUTIVE SULLIVAN: You
6 personally have a court order?

7 LEGISLATOR DENENBERG: It's a TRO
8 against the county imposing it because it's a
9 tax.

10 DEPUTY COUNTY EXECUTIVE SULLIVAN:
11 Again, I really don't believe when we are in
12 litigation on something that I should be speaking
13 to this, that's my statement.

14 LEGISLATOR DENENBERG: Okay. So how
15 much money did we budget this year in that fee?

16 DEPUTY COUNTY EXECUTIVE SULLIVAN:
17 Actually, this is, again, I think litigation, and
18 I don't think it's something that --

19 LEGISLATOR DENENBERG: I understand
20 you're in trouble.

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: No,
22 not in trouble, sir, at all. I think you're
23 taking a position I strongly disagree with.

24 LEGISLATOR DENENBERG: How much was put
25 in our budget? And if you want to say you can't

answer what's in a public document, the budget, you're wrong.

DEPUTY COUNTY EXECUTIVE SULLIVAN: It was \$12 million was budgeted.

LEGISLATOR DENENBERG: Have we altered that number yet?

DEPUTY COUNTY EXECUTIVE SULLIVAN: No.

LEGISLATOR DENENBERG: So part of our budget includes 12 million in a toilet tax or a sewer usage fee. Correct?

DEPUTY COUNTY EXECUTIVE SULLIVAN: That's what I just stated. If you want me to be redundant and repeat it again, I'll repeat it again.

LEGISLATOR DENENBERG: When you projected your \$9.2 million surplus, you're still anticipating \$12 million in the sewer tax, sewer fee?

DEPUTY COUNTY EXECUTIVE SULLIVAN: You know, if you listened to the opening statement, I spoke about the five major funds.

LEGISLATOR DENENBERG: Does anyone in this room not think I asked a question?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sir,

I will read my opening statement to you which is at the top here.

It says, for the county's primary operating funds, we are talking about general, police headquarters, police district, fire, safety, and debt service. So I don't think that fee falls into any one of the five funds that I was speaking about.

LEGISLATOR DENENBERG: But yet in the sewer fund, how much do we anticipate transferring this year to the general fund?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Transferring to the general fund?

LEGISLATOR DENENBERG: We have a transfer line --

DEPUTY COUNTY EXECUTIVE SULLIVAN: That's to pay for debt service, sir.

LEGISLATOR DENENBERG: Okay. So how much?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'd have to go back and get you that number.

LEGISLATOR DENENBERG: It's not just to pay for debt service.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sure

it is.

LEGISLATOR DENENBERG: We have a debt service transfer, but we also have a transfer, we have a transfer that you explained to me in years past that the reason for that transfer, sometimes was right around \$40 million, I thought it was the toilet tax moving over.

DEPUTY COUNTY EXECUTIVE SULLIVAN: No. That was not correct.

LEGISLATOR DENENBERG: I thought that was for operating expenses, to reimburse the general fund --

DEPUTY COUNTY EXECUTIVE SULLIVAN: For storm water --

LEGISLATOR DENENBERG: You didn't say for storm water. You said for, like, employees, they're paid out of the --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Storm water. That was a paragon that was set up in the Suozzi administration.

LEGISLATOR DENENBERG: My question wasn't who set it up.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Storm water employees.

LEGISLATOR DENENBERG: I understand you have a fixation on the Suozzi years.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I don't, sir. I'm just --

LEGISLATOR DENENBERG: I enjoy your fixation, but I'm beyond it. Okay? I'm talking about '13. How much money do we project transferring to the general fund for operating expenses --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Like we've done every year, it will be the debt service and the cost of the storm water employees.

LEGISLATOR DENENBERG: And you're saying getting \$12 million less than you budgeted will have no effect?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Obviously it would have an effect. I didn't say there wouldn't have an effect.

LEGISLATOR DENENBERG: I think we're going to have a \$12 million hole right there. I don't see how we'll ever be able to impose a user fee only on tax exempts. As the temporary restraining order says, that amounts to a tax.

DEPUTY COUNTY EXECUTIVE SULLIVAN:

Again, that is a legal matter that I would not comment on.

LEGISLATOR DENENBERG: All your other states and all your other municipalities have across the board user fee where all users pay a user fee. That's why it wasn't found illegal. Period.

How much have we set aside and counted in your surplus for if we should lose the pay freeze litigation?

DEPUTY COUNTY EXECUTIVE SULLIVAN: There has not been anything accrued to date, sir.

LEGISLATOR DENENBERG: Oh. Okay.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I don't think that would be wise setting up --

LEGISLATOR DENENBERG: How much money could it be -- I think it's wise to know how much money --

DEPUTY COUNTY EXECUTIVE SULLIVAN: I do know, sir.

LEGISLATOR DENENBERG: this could cost us if we lose. If we lose the pay freeze case, I believe we lost the last --

2 DEPUTY COUNTY EXECUTIVE SULLIVAN: We
3 won in Supreme Court; we lost on appeal.

4 LEGISLATOR DENENBERG: So we lost at the
5 Appellate Division, and it's now before the Court
6 of Appeals, correct?

7 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

8 LEGISLATOR DENENBERG: So this is a
9 third case I'm talking about now.

10 DEPUTY COUNTY EXECUTIVE SULLIVAN:
11 Actually, again, a litigation I don't think I
12 should be speaking to --

13 LEGISLATOR DENENBERG: I'm not asking
14 about the litigation. How much money has the pay
15 freeze, if you will, save the county since it was
16 imposed by NIFA?

17 DEPUTY COUNTY EXECUTIVE SULLIVAN: Over
18 three years, over \$200 million.

19 LEGISLATOR DENENBERG: Over \$200
20 million?

21 DEPUTY COUNTY EXECUTIVE SULLIVAN: Yes.

22 LEGISLATOR DENENBERG: In this year's
23 budget, '13 budget, to clarify, how much savings
24 did the pay freeze give us in this year's budget?

25 DEPUTY COUNTY EXECUTIVE SULLIVAN: I

1 don't have a specific number. I don't have that
2 breakout. I can get that for you.
3

4 LEGISLATOR DENENBERG: It could be
5 higher than \$80 million this year alone?

6 DEPUTY COUNTY EXECUTIVE SULLIVAN:
7 Possibly, yeah.

8 LEGISLATOR DENENBERG: Each year it
9 should be more, right, because you lose the
10 increase in '11, which was an increase on top of
11 that in '12, and an increase on top of that in
12 '13, correct?

13 DEPUTY COUNTY EXECUTIVE SULLIVAN:
14 Correct.

15 LEGISLATOR DENENBERG: So each year it
16 should be higher. So I'd like to know the
17 number. You say that over three years -- '11,
18 '12, and '13 -- the county saved \$200 million
19 because of the pay freeze, correct?

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: I
21 said over \$200 million.

22 LEGISLATOR DENENBERG: Isn't that what I
23 just said?

24 DEPUTY COUNTY EXECUTIVE SULLIVAN: No.
25 You said 200 million.

LEGISLATOR DENENBERG: Okay. Over 200 million. Okay. And I'd like to know what that total number is and how much, how much is being - I'm sorry -- how much is saved in the '13 budget. I'm going to ask you that next month when you present '14. I know it's supposed to come to us in less than two weeks, but I assume we'll be talking about it in October.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Most likely.

LEGISLATOR DENENBERG: So I'd like to know what that number is.

DEPUTY COUNTY EXECUTIVE SULLIVAN: Certainly, sir.

LEGISLATOR DENENBERG: And you're saying that it's unwise to tell me how we're planning for the contingency.

DEPUTY COUNTY EXECUTIVE SULLIVAN: I just don't want to really comment on litigation at this point. I've made that abundantly clear.

LEGISLATOR DENENBERG: Do we have a plan, aside from borrowing, if somehow this liability came to fruition?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Sir,

I don't think it's wise for me to comment on something that is before the court.

LEGISLATOR DENENBERG: I think our taxpayers probably should be scared.

DEPUTY COUNTY EXECUTIVE SULLIVAN: The taxpayers should be pleased that it's been --

LEGISLATOR DENENBERG: Pleased that the major savings that you've claimed --

DEPUTY COUNTY EXECUTIVE SULLIVAN: Pleased that taxes haven't gone up.

LEGISLATOR DENENBERG: over \$200 million was all imposed by NIFA, an entity that you spent millions of dollars fighting on their takeover.

DEPUTY COUNTY EXECUTIVE SULLIVAN: We eliminated the energy tax and --

LEGISLATOR DENENBERG: The irony should not be lost.

DEPUTY COUNTY EXECUTIVE SULLIVAN: and four 3.9 percent tax increases, the net of which is \$495 million.

LEGISLATOR DENENBERG: Right. Right. How much income -- would you agree with Mr. Chalmers found, at my request, that we've realized over \$100 million in revenue from fee

increases since 2010?

DEPUTY COUNTY EXECUTIVE SULLIVAN: Mr. Chalmers does good work, so I think his study -- he usually does very good work, so.

LEGISLATOR DENENBERG: \$100 million, how much would that translate into a tax increase? What percent?

DEPUTY COUNTY EXECUTIVE SULLIVAN: I'm not going to make that correlation for you. As you pointed out, you're very good at this so I'll let you do the math.

LEGISLATOR DENENBERG: I think it's about 14 percent.

DEPUTY COUNTY EXECUTIVE SULLIVAN: That would be wrong.

LEGISLATOR NICOLELLO: It's a lot less than 40 percent.

LEGISLATOR DENENBERG: Well, to quote Mr. Schmitt, "This majority and this county executive had committed to no tax or fee increases at any time." January, 2010. The late Presiding Officer, Mr. Schmitt. So I guess that was a half true, maybe, if you don't include the toilet tax or you don't include the tax cert

1 dump.

2
3 DEPUTY COUNTY EXECUTIVE SULLIVAN: But I
4 did say for four 3.9 percent increases and an
5 energy tax that's 495, so.

6 LEGISLATOR DENENBERG: Tax cert dump was
7 bigger, but you lost in the toilet tax. Someone
8 would have to pay that toilet tax, and it will be
9 taxpayers of other districts. But right now the
10 courts have stopped that. I just wanted to know
11 what the alternative plan was.

12 DEPUTY COUNTY EXECUTIVE SULLIVAN: Other
13 people have been paying that for years because --

14 LEGISLATOR DENENBERG: Apparently the
15 alternative plan is only borrowing, and that's
16 pretty scary.

17 Thank you.

18 CHAIRMAN KOPEL: Okay. I guess we're
19 done over here.

20 DEPUTY COUNTY EXECUTIVE SULLIVAN: Thank
21 you.

22 CHAIRMAN KOPEL: Mr. Sullivan, thank you
23 so much. And enjoy the rest of your day.

24 We've got another report coming from our
25 comptroller, George Maragos. Mr. Maragos, please

1 sit down in the hot seat. Whenever you're ready,
2 please.
3

4 COMPTRROLLER MARAGOS: Good afternoon. I
5 think it would be helpful to have the PowerPoint
6 slides.

7 CHAIRMAN KOPEL: Good afternoon. Mr.
8 Maragos, you can pretty much begin your
9 presentation as soon as you're ready.

10 COMPTRROLLER MARAGOS: Okay. The
11 financial condition of the county continues to
12 improve by our fundamental measures primarily due
13 to the improving economy and instituted cost
14 controls.

15 The 2013 mid-year financial projections
16 indicate that the county will end with a \$5.6
17 million budgetary surplus in the primary
18 operating funds. The surplus is due to increased
19 revenues from the improving economy as reflected
20 in increased sales tax revenues, approximately
21 10.4 percent year to date and projected to end up
22 7.2 percent, conservatively, reduced unemployment
23 in our county of six percent, and a decline in
24 social service expenses. These positive factors
25 outweigh the 5.7 million in lower state and

1 federal aid due to lower social service and
2 health department cost reimbursements. The
3 current unreserved fund balance in the general
4 fund and countywide special purpose fund is
5 likely to increase from 53.3 million at year end
6 2012 to approximately 66 million at year end
7 2013.

8
9 The county's structural gap continues its
10 year over year improvement since 2009. The
11 structural gap is projected at 54.4 million down
12 from 116 million in 2012, a 53.5 percent
13 improvement, and down from 251.6 million in 2009,
14 a 78.4 percent improvement under the previous
15 administration.

16 The liability for property tax refunds
17 appears to have been addressed and is expected to
18 decline. The payment of 88 million in property
19 tax refunds projected for 2013 would reduce the
20 long-term property tax refund liability from its
21 current level of 297 million at year end 2012 to
22 approximately 289 million after very conservative
23 estimates of additions of 80 million during 2013.

24 The county's long term debt is projected
25 to increase from 3.5 billion at year end 2012 to

1 approximately 3.6 billion at year end 2013. It
2 is worth noting that the last four years under
3 the Suozzi Administration, approximately 2.5
4 billion in debt was added -- this is in new money
5 -- versus approximately 1.3 billion under the
6 Mangano Administration under a similar four year
7 period.
8

9 Also, I must state that assertions that
10 the county is growing in debt are false and a
11 disservice to the county. The long terms ratio
12 is approximately 1.3 to the county's 2.8 billion
13 annual budget, which is very manageable. To put
14 this in perspective, most families have a
15 mortgage that is usually three or four times the
16 family annual income, and the county's ratio is
17 approximately 1.3; very well manageable.

18 The wage freeze court challenge continues
19 as a risk to the county that may have an impact
20 to operations going forward and should be
21 addressed in the 2014 multi-year plan or
22 resolved. However, this risk has diminished
23 somewhat because of the county's growing fund
24 balance and rising sales tax revenue from the
25 improving economy.

I'm happy to take your questions.

CHAIRMAN KOPEL: Thank you, Mr. Maragos.

I know you're going to be asked this question, so let me put it right out in front there. The difference in your calculation of the surplus -- the difference between you and the proceeding speaker, would you care to comment on that, please?

COMPTROLLER MARAGOS: We differ. There are minor variances between a number of line items, and those are minor variances but when accumulated they amount to the differences that we have. Some noteworthy differences is the sales tax that we project, we're going to come in approximately 10 million higher -- I'm sorry, \$18 million higher. We believe that our estimates are further extremely conservative. We're running, as we indicated, at approximately 10.4 percent year over year, and our projections for the remaining year was for three percent increase in the third quarter and just a six percent increase in the last quarter. Anything less than that would mean that the county or the country would be going into a depression. So we are very

1 comfortable that our sales tax revenues will even
2 exceed the \$18 million over budget projections
3 that we have.

4
5 CHAIRMAN KOPEL: You'll recall, sir,
6 that when we started this hearing I addressed
7 myself to the question of apples to apples
8 comparisons. Under NIFA rules, under GAP rules,
9 I guess, we would have a deficit. Is that right?

10 COMPTROLLER MARAGOS: Well, you know, we
11 have three presentation methods: we have the
12 budgetary, we have modified accrual, and we have
13 the NIFA presentation which I'm not sure what it
14 is.

15 CHAIRMAN KOPEL: It's like the three
16 ways of doing your accounting?

17 COMPTROLLER MARAGOS: That's correct.
18 And in all those measure, in all those measures
19 we are showing year over year improvement over
20 where we were in 2009.

21 CHAIRMAN KOPEL: Yeah. So let's take --
22 let's actually pursue that point, please. Under
23 NIFA accounting, where are we now, where were we
24 in 2009 and how do we compare?

25 COMPTROLLER MARAGOS: Well, in our

1 report we had, according to NIFA, in 2009
2 according to NIFA we would have had \$184 million
3 deficit, and our current projection is \$119
4 million deficit according to NIFA's presentation
5 method.
6

7 CHAIRMAN KOPEL: So it's -- so that's
8 going down as well. Now let's talk about
9 structural deficits, there's been a great deal
10 made of that, quite properly. Would you care to
11 comment or explain how you come to a structural
12 deficit or structural surplus? What are the
13 factors that you take into account?

14 COMPTROLLER MARAGOS: Before NIFA came
15 into being the fundamental measure that was used
16 to measure the financial health of the county was
17 the structural gap, which is supposed to reflect
18 the difference between upgrading current revenues
19 and current expenses, the balance or the
20 difference being made up by usually one-shots,
21 such as sale of real estate. And as you can see,
22 in 2009 it peaked at a negative-252 million. And
23 what this charge that we're showing significant
24 and pronounced improvement to a differential of
25 just \$54 million projected for the current year.

CHAIRMAN KOPEL: And that's all on an apples to apples basis?

COMPTROLLER MARAGOS: That's correct.

CHAIRMAN KOPEL: Where does the -- where do tax refunds fit into this picture?

COMPTROLLER MARAGOS: The tax refunds -- the comptroller's office, they applied the decisions of the county executive and the legislature in terms of amounts used for borrowing versus what is being paid from recurring revenues. So the less that is used for -- the borrowing that is used, the better impact or the more positive impact on the structural deficit.

CHAIRMAN KOPEL: So, in other words, that's all taken into account.

COMPTROLLER MARAGOS: That's correct.

CHAIRMAN KOPEL: Okay. Now, in your mid-year, have you accrued any amounts for certiorari payments?

COMPTROLLER MARAGOS: No. It's not the job of the comptroller's office to accrue, but as I indicated to reflect decisions made either by the county executive in conjunction with the

1 legislature. And we are not aware, and actually
2 the policy that we are aware is being instituted
3 by this administration is to challenge all
4 grievances. So far, as far as we know, there
5 have been no judgments in 2013 to result in an
6 accrual.
7

8 CHAIRMAN KOPEL: The \$40 million that
9 we've already approved, in terms of bonding
10 towards those grievances, how does that figure
11 in?

12 COMPTROLLER MARAGOS: That is to pay the
13 current liability that the county has.

14 CHAIRMAN KOPEL: But that doesn't
15 include any of the others. Okay.

16 What is the impact of our current -- of
17 the current method of settling the certiorari,
18 the grievances, the way it's being done now in
19 terms of settling it in advance? What is the
20 impact on that?

21 COMPTROLLER MARAGOS: It has been -- it
22 has had a very beneficial impact, two factors.
23 Both the policy of settling all of the
24 residential or most of them before they all
25 become final, and, secondly, the four year

1 cyclical assessment system that we've entered has
2 had and will continue to have an improving affect
3 in reducing the refund liability.
4

5 CHAIRMAN KOPEL: And that improving
6 effect, in other words, can you estimate, put a
7 dollar figure to that? In other words, settling
8 in advance, the way it's being done now, versus
9 the way it had been done previously. How much of
10 the savings annually by virtue of the fact that
11 settling it before the tax role is complete
12 precludes the necessity of borrowing the money or
13 accruing the money at all. Can you estimate the
14 amount of money that we're saving at this point?

15 COMPTROLLER MARAGOS: Well, we've
16 estimated that the first year, in settling all
17 the property tax refunds, the residential
18 refunds, the estimated savings to the county was
19 approximately \$30 million. Now the four year
20 cyclical assessment will result in those people
21 that filed grievances and got settlements
22 subsequently not filing or not having a case to
23 file because their assessment would not have
24 changed, it would have changed under an annual
25 reassessment. We will expect to see successive

1 reductions in the number of grievances on the
2 residential side.

3
4 CHAIRMAN KOPEL: So that's a cumulative
5 benefit. That's actually more of a geometric --

6 COMPTROLLER MARAGOS: Correct. It's
7 something that we're monitoring. Because we're
8 in our second year, we just don't have enough
9 history to make any projections.

10 CHAIRMAN KOPEL: Okay. Now, what about
11 the fund balances at this point?

12 COMPTROLLER MARAGOS: Again, we're
13 seeing an increase. We're seeing the budget
14 surplus being reflected in the fund balance
15 increase.

16 CHAIRMAN KOPEL: And how much has that
17 increased over the years since the current
18 administration has --

19 COMPTROLLER MARAGOS: Well, in 2009,
20 it's back to where it was. I'm sorry. In 2009,
21 year end 2009 it was at 64 million. We are
22 projecting that it will increase to 87.2 million
23 at the end of 2013.

24 CHAIRMAN KOPEL: Thank you.

25 Does anyone else have any questions?

Legislator Denenberg.

LEGISLATOR DENENBERG: Thanks. Let me start with the backlog on tax certs. The backlog on tax certs or long term property tax refund liability, which was started at 164.3 million in 2010, you project at the beginning of 2013 to be at 297.2 million. Not project, it's at 297.2 at the beginning of 2013, correct?

COMPTROLLER MARAGOS: It's estimated.

LEGISLATOR DENENBERG: For the beginning of 2013 it was estimated?

COMPTROLLER MARAGOS: Yes. Which was the year end 2012 number. Again, estimated.

LEGISLATOR DENENBERG: Okay. And you are projecting that in 2013 there would be an additional liability of 80 million. What do you base that on?

COMPTROLLER MARAGOS: It's past history, assuming what it was approximately the prior year, and again we tended to err on the very conservative side. We would expect that number to be lower. Again, in order to be very conservative and indicate the maximum possible liability, we assumed \$80 million. That doesn't

1 reflect the improving economy, which is improving
2 real estate prices and it certainly doesn't
3 reflect the more aggressive attitude that this
4 administration has taken to challenge especially
5 commercial cases versus writing blank checks.
6

7 LEGISLATOR DENENBERG: Oh. Okay. So
8 this administration is not writing blank checks.

9 COMPTROLLER MARAGOS: What I said is
10 that it's challenging aggressively in court.

11 LEGISLATOR DENENBERG: Really? Can you
12 name a few cases because I don't really see them?

13 COMPTROLLER MARAGOS: What do you mean?
14 They're all being challenged.

15 LEGISLATOR DENENBERG: What do you mean
16 they're all being challenged? They're always all
17 challenged, that's been part of the problem.
18 They go four, six, seven, eight years and then we
19 get settlements. So you don't think we're going
20 to see settlements?

21 COMPTROLLER MARAGOS: You might see
22 settlements, I can't predict that. What I'm
23 saying is I've assumed here kind of a worse case
24 liability.

25 LEGISLATOR DENENBERG: You looked at the

2 amount of property tax refund liability in '13 to
3 go down from '12.

4 COMPTRROLLER MARAGOS: Yes. And I'm
5 expecting --

6 LEGISLATOR DENENBERG: And to go down
7 from '11, '11 was at 134.7, then '12 is 83.8, and
8 now you're expecting it to go down to 80 and I
9 just want to know why, and you said it's because
10 this administration's been I guess more
11 aggressive than it was in '11.

12 COMPTRROLLER MARAGOS: And the improving
13 real estate market.

14 LEGISLATOR DENENBERG: What does that
15 got to do with cases that might be three, four,
16 five, six years old?

17 COMPTRROLLER MARAGOS: It has a lot to do
18 with cases being filed, new cases being filed.

19 LEGISLATOR DENENBERG: Oh. So we're
20 going to handle some cases this year that were
21 just filed this year?

22 COMPTRROLLER MARAGOS: We're projecting
23 here what the new potential liability --

24 LEGISLATOR DENENBERG: You don't seem to
25 get my question.

LEGISLATOR NICOLELLO: Would you let Mr. Maragos finish answering it before you interrupt?

LEGISLATOR DENENBERG: Let me explain. 2013 -- okay. Say whatever you're going to say and then I'll ask a question, because you need assistance here from Legislator Nicoletto.

COMPTROLLER MARAGOS: We're at mid-year. We're almost three-quarters through the year and we have no judgments to pay for property tax refunds, commercial property tax refunds. On that basis, for the remaining five months or four months of the year, I don't think we're going to come close to paying \$80 million that we would have to recognize as a current liability and therefore accrue for it.

LEGISLATOR DENENBERG: See, that's what I don't get. That's where you and I really seem to miss.

There's been no judgments paid this year, correct? That's what you just said.

COMPTROLLER MARAGOS: Yes.

LEGISLATOR DENENBERG: How many cases have we won then that you are aware of?

COMPTROLLER MARAGOS: What does one have

to do with the other?

LEGISLATOR DENENBERG: There might be no judgments because we haven't tried any cases and we're pushing them into the future.

COMPTROLLER MARAGOS: Legislator, we have to deal with reality.

LEGISLATOR DENENBERG: I'm dealing with reality.

COMPTROLLER MARAGOS: No, you're not dealing. You're dealing with hypotheticals.

LEGISLATOR DENENBERG: No. You just gave me a hypothetical that because we have no judgments this year --

COMPTROLLER MARAGOS: No. I've told you --

LEGISLATOR DENENBERG: that means that we're going to have less long-term property tax refund liability. So that must mean that for six, seven months this year, eight months this year we've won a lot of cases. I think --

COMPTROLLER MARAGOS: Or we haven't lost any cases.

LEGISLATOR DENENBERG: It means that we're pushing it to the future. Why would our

1 long-term property tax refund liability not be
2 growing faster? If there is a judgment that we
3 pay that would be under your category payments.
4 And you have an \$88 million payment. Additions
5 would be the long term property tax refund
6 liability. And you just said because we didn't
7 have any judgments against us this year that
8 means that our long term property tax refund
9 liability is going down. That would only be true
10 --
11

12 COMPROLLER MARAGOS: No.

13 LEGISLATOR DENENBERG: if we've won a
14 lot of cases.

15 COMPROLLER MARAGOS: No. The logic
16 doesn't apply. What we're saying here is that
17 our estimated, our potential liability to be
18 accrued for this year is maximum or
19 conservatively 80 million.

20 LEGISLATOR DENENBERG: But if we haven't
21 any judgments that have been settled this year,
22 okay --

23 COMPROLLER MARAGOS: So, if none, then
24 we will --

25 LEGISLATOR DENENBERG: the overall long

1 term property tax refund wouldn't be less, it
2 might be more.

3
4 COMPTRROLLER MARAGOS: Hold on.

5 LEGISLATOR DENENBERG: If we settled
6 some cases we would know what that liability is.
7 If we don't settle anything, then this year all
8 goes into a refund status.

9 COMPTRROLLER MARAGOS: Are we talking
10 about current liability or long term liability?

11 LEGISLATOR DENENBERG: What you said was
12 your long term property tax refund liability.
13 It's your chart, not mine.

14 COMPTRROLLER MARAGOS: That's correct.
15 And that's an estimated, conservatively.

16 LEGISLATOR DENENBERG: And I'm wondering
17 why you're estimating it so low this year when we
18 had no judgments this year.

19 COMPTRROLLER MARAGOS: No. I'm saying I
20 believe that's very high, and I'm projecting on
21 the conservative side. And so far we haven't --

22 CHAIRMAN KOPEL: You're asking the same
23 question over and over again.

24 LEGISLATOR DENENBERG: I'm getting a
25 different answer every time.

2 CHAIRMAN KOPEL: No, no.

3 COMPTROLLER MARAGOS: No, you're not.
4 You're getting the same answer.

5 CHAIRMAN KOPEL: What he's saying is
6 that the amount -- he's got an estimate for the
7 long term liability. Whether he's got judgments,
8 and correct me if I'm wrong about that, whether
9 you've got a judgment or not a judgment that
10 doesn't affect the estimate of the long term
11 liability.

12 LEGISLATOR DENENBERG: He just said it
13 did. He just said that because there's been no -
14 -

15 CHAIRMAN KOPEL: No, no, no.

16 LEGISLATOR DENENBERG: The estimate of a
17 long term liability of 80 million is
18 conservative. He just said that. I didn't say
19 it. And to me it would be the opposite effect.

20 COMPTROLLER MARAGOS: No. What I said,
21 this is our estimate for the long term liability.
22 The current liability, is what I think you want
23 to ask but you are not asking, will not
24 materialize until there is a judgment. So far,
25 after eight months in the year there are no

judgments, and therefore there is not current liability for us to pay or accrue.

LEGISLATOR DENENBERG: So therefore this year, in projecting your surplus, you are accruing no liability this year.

COMPTROLLER MARAGOS: We are accruing \$88 million that are current liabilities in judgments, yes.

LEGISLATOR DENENBERG: So if I wanted to create a surplus this year, I push all my tax cert cases and don't settle any so then I don't have to pay any and I can say I have a surplus.

COMPTROLLER MARAGOS: Again, I'm not going to deal in hypotheticals.

LEGISLATOR DENENBERG: But you just said we couldn't accrue anything this year because there's been no judgments this year.

COMPTROLLER MARAGOS: There are not current liabilities, correct, to be paid. You're never going to pay a bill -- do you pay bills before they're due, years before they're due? I don't think you do.

LEGISLATOR DENENBERG: But I also don't --

1 COMPTROLLER MARAGOS: And I think it
2
3 would be irresponsible for the county and
4 certainly the comptroller's office to pay bills
5 before they become due.

6 LEGISLATOR DENENBERG: Okay. So because
7 there are no judgments this year, this year we
8 haven't accrued any tax refund liability say for
9 the \$88 million of Judge Adams' office, which was
10 really 2012 but pushed into '13, correct?

11 COMPTROLLER MARAGOS: We are paying \$88
12 million in current liabilities.

13 LEGISLATOR DENENBERG: So last year,
14 2012, the entire year, even though there was
15 about an \$84 million addition to our long-term
16 property tax refund liability, last year, 2012,
17 the only payment that we accrued was the only
18 payment that was made, \$9.5 million. Correct?

19 COMPTROLLER MARAGOS: That's what we
20 indicated, yes. By the way --

21 LEGISLATOR DENENBERG: Our surplus last
22 year was more than made up by the fact that even
23 though we accrued -- even though we had long term
24 liability for tax certs, we just didn't pay any.

25 COMPTROLLER MARAGOS: Legislator,

there's a big difference in accounting between long term liabilities and current liabilities, and we only pay current liabilities.

LEGISLATOR DENENBERG: But the 88 million that was from Judge Adams' order --

COMPTROLLER MARAGOS: Became a current liability.

LEGISLATOR DENENBERG: Not in '12 but in '13.

COMPTROLLER MARAGOS: It became a current liability whenever it became a current liability. And the County --

LEGISLATOR DENENBERG: So I'm asking you, you're our comptroller.

It became a current liability, according to your report in '13 not '12.

COMPTROLLER MARAGOS: According to the judge's order.

LEGISLATOR DENENBERG: And there's been no further judgments, no judgments, aside from Judge Adams' order from '12 that we are making judgment on in '13 to date, eight months into the year there's been no judgments against the county.

2 COMPROLLER MARAGOS: We're not aware of
3 any.

4 LEGISLATOR DENENBERG: What about any
5 settlements?

6 COMPROLLER MARAGOS: Similarly, we're
7 not aware of any.

8 LEGISLATOR DENENBERG: So zero
9 settlements on tax certs and zero judgments on
10 tax certs in 2013.

11 COMPROLLER MARAGOS: Because our
12 understanding is that all of these grievances are
13 being challenged.

14 LEGISLATOR DENENBERG: Do you realize
15 that every year all grievances, except for those
16 that maybe settled before the role goes final,
17 are challenged every single year? I hope you
18 are.

19 COMPROLLER MARAGOS: I'm sorry.
20 Rephrase the -- restate the question.

21 LEGISLATOR DENENBERG: Can you read back
22 my question? Okay. I'll restate it.

23 Every year -- let me tell you this. Are
24 you aware that every year all challenges are --
25 I'm sorry -- all grievances are challenged every

single year. The only ones that aren't on the commercial side are ones that we settle the year they're filed, and that's negligible, that's like less than two percent.

CHAIRMAN KOPEL: All grievances are challenged?

COMPTROLLER MARAGOS: I don't get that.

CHAIRMAN KOPEL: What does that mean?

LEGISLATOR DENENBERG: You guys could tag team all you want.

COMPTROLLER MARAGOS: I don't understand the question.

LEGISLATOR NICOLELLO: He clearly means that they're being aggressively challenged in court as opposed to the past where they weren't. Is that what you mean, is that what you're saying by challenged? They're being aggressively contested by the administration, is that what you're saying?

COMPTROLLER MARAGOS: Or they're not being settled.

LEGISLATOR DENENBERG: They're not being settled. Okay. Okay.

COMPTROLLER MARAGOS: There's no

agreement.

LEGISLATOR DENENBERG: So if they're not being settled or they're being aggressively challenged in court, every year, every year you have a long line of challenges that go to court every single year on the commercial side. What makes you think that last year they weren't being as aggressively litigated by the county attorney's office or by outside counsel last year as they were this year?

COMPTROLLER MARAGOS: I didn't say that. I think they're all being very aggressively litigated.

LEGISLATOR DENENBERG: And you think in 2009 they weren't?

COMPTROLLER MARAGOS: I didn't pass any judgment or opinion on what's happening in 2009.

LEGISLATOR DENENBERG: My concern is eight months into the year we have no settlements and no judgments.

COMPTROLLER MARAGOS: Isn't that a good thing? I think it is.

LEGISLATOR DENENBERG: Not if we're not settling the cases to show a surplus this year

and just pushing it to the --

COMPTROLLER MARAGOS: Maybe there's no merit and we shouldn't settle them.

LEGISLATOR DENENBERG: We shouldn't settle. How many cases have we won?

COMPTROLLER MARAGOS: How many have we lost? I'm not aware. If we lose them it becomes hopefully an obligation to pay.

LEGISLATOR DENENBERG: If you're projecting something as a good thing, I think you need to know how much we won, how much we lost. If all we're doing --

COMPTROLLER MARAGOS: We haven't lost any.

LEGISLATOR DENENBERG: not settling or not going to trial and pushing -- let me finish the question now. Wouldn't you agree with me that if all we're doing is not settling and not trying a case and pushing the liability forward, that's not a good thing?

COMPTROLLER MARAGOS: I disagree. I think there may not be a liability.

LEGISLATOR DENENBERG: Really?

COMPTROLLER MARAGOS: Absolutely. Would

you settle them?

LEGISLATOR DENENBERG: How many cases did we win last year? Do you know?

COMPTROLLER MARAGOS: We haven't lost any.

LEGISLATOR DENENBERG: Last year? Last year we got an \$88 million judgment from Judge Adams --

COMPTROLLER MARAGOS: And they became a current liability.

LEGISLATOR DENENBERG: That's sort of a big loss.

COMPTROLLER MARAGOS: That's not what you asked me.

LEGISLATOR DENENBERG: You just said we haven't lost any.

COMPTROLLER MARAGOS: Separate from the 88 million.

LEGISLATOR DENENBERG: Mr. Maragos, you just said we haven't lost any.

CHAIRMAN KOPEL: Once again we're going down --

COMPTROLLER MARAGOS: No. Your arguments are circular.

2 CHAIRMAN KOPEL: We're going in circles.

3 LEGISLATOR DENENBERG: We're going in
4 circles here because my concern --

5 CHAIRMAN KOPEL: I want to clarify
6 something.

7 LEGISLATOR DENENBERG: Oh, come on. I
8 don't cut you off. I've been cut off left and
9 right.

10 CHAIRMAN KOPEL: Because you just keep
11 on running --

12 LEGISLATOR DENENBERG: The issue here is
13 --

14 CHAIRMAN KOPEL: I'm not going to let
15 you run in circles.

16 LEGISLATOR DENENBERG: Of course you're
17 not going to, because you want to put your
18 blinders down --

19 CHAIRMAN KOPEL: No.

20 LEGISLATOR DENENBERG: and say we're
21 doing a great job. We just haven't tried or
22 settled any tax cert --

23 CHAIRMAN KOPEL: Because you're trying
24 to --

25 LEGISLATOR DENENBERG: this year because

1 we're going to settle them next year and try to
2 hide the liability. You have to accrue the
3 liability. If you don't want to settle cases and
4 you don't want to try cases you're kicking the
5 can down the road.
6

7 CHAIRMAN KOPEL: Mr. Maragos, you have a
8 total estimated liability -- if some cases get
9 settled or they're judgments, the effect, if I
10 understand it, would be to decrease the estimated
11 amount. As the current liabilities increase, the
12 estimated liabilities are going to decrease by a
13 commensurate amount.

14 COMPTROLLER MARAGOS: That's correct.

15 CHAIRMAN KOPEL: Right. Number one.
16 Number two, again under apples to apples
17 comparisons, under apples to apples rules the
18 amount of those judgments, if we were to follow
19 the same rules that have always or the same
20 practices and rules that have always been in
21 effect, that amount would have been offset by an
22 equivalent amount of bonding income under
23 previous accounting, the way it's always been
24 done around here and according to the
25 transitional authority that's been granted by

NIFA. Isn't that correct?

COMPTROLLER MARAGOS: I'm not sure. I think we're talking about two different timeframes and two different policies being instituted.

CHAIRMAN KOPEL: I'm --

LEGISLATOR DENENBERG: To the Chair. Can I continue with my questions?

CHAIRMAN KOPEL: Your questions are over and over. If you have another question, fine.

LEGISLATOR DENENBERG: Oh, come on. Come on.

CHAIRMAN KOPEL: You can't ask the same question 100 times.

LEGISLATOR DENENBERG: Okay. So I'll move on.

CHAIRMAN KOPEL: To the witness, don't answer the same question again.

LEGISLATOR DENENBERG: I'll agree to accept that you want to put your blinders on. And the fact that we haven't settled or gotten --

CHAIRMAN KOPEL: I don't think that's what the witness said.

LEGISLATOR DENENBERG: judgment so far

1 this year, and no one can tell us how many cases
2 we won, that's not simply pushing the can down
3 the road. But when you come to us next year with
4 all the settlements and all the judgments, I'm
5 not just going to say I told you so. But the
6 point is going to be that someone is going to
7 have to pay the bill, and we're just making a
8 bigger bill for taxpayers. And the surplus this
9 year includes zero judgments and zero settlements
10 this year. Correct?

11
12 CHAIRMAN KOPEL: We're not going to
13 answer the same question.

14 LEGISLATOR DENENBERG: That's a new
15 question.

16 COMPTROLLER MARAGOS: Legislator, I
17 disagree with everything that you said in your
18 characterization.

19 CHAIRMAN KOPEL: And, by the way, I'm
20 delighted to note that your prediction that Mr.
21 Maragos will be sitting here next year in his
22 capacity reporting to us.

23 LEGISLATOR DENENBERG: My prediction is
24 that we kicked the can down the road this year.
25 And I love the testimony that there's been zero

2 settlements and zero judgments this year because
3 we're being more aggressive this year than last
4 year.

5 COMPROLLER MARAGOS: And zero losses.

6 LEGISLATOR DENENBERG: Zero losses? How
7 many wins? Zero wins.

8 COMPROLLER MARAGOS: And that's why
9 there is not current liability.

10 LEGISLATOR DENENBERG: If there are zero
11 wins, if there are zero wins, then all you are
12 doing is --

13 COMPROLLER MARAGOS: We have no current
14 liability.

15 LEGISLATOR DENENBERG: No liability this
16 year.

17 COMPROLLER MARAGOS: No current
18 liability, that's correct.

19 LEGISLATOR DENENBERG: But still a
20 future liability.

21 COMPROLLER MARAGOS: And it gets
22 reflected correctly, as it should be, as a long
23 term liability.

24 LEGISLATOR DENENBERG: Well, then that's
25 my point exactly. All of this year --

COMPTROLLER MARAGOS: No, it's not.
There's a difference.

LEGISLATOR DENENBERG: All of this year
is a long term liability instead of a current
liability, correct?

COMPTROLLER MARAGOS: Yes.

LEGISLATOR DENENBERG: So we shifted
this year's liability to long term.

COMPTROLLER MARAGOS: No, we haven't
shifted anything.

LEGISLATOR DENENBERG: We're not paying
it.

COMPTROLLER MARAGOS: We're exercising
proper accounting rules. There's a big
difference between a current liability and a long
term liability and you're not able to distinguish
between the two. And the best example I can give
you is people do not pay the bills and it will be
negligent and irresponsible for the county
comptroller to pay bills before they're due.

LEGISLATOR DENENBERG: But it's also
irresponsible -- wouldn't you also agree it's
also irresponsible to let one year's bill accrue
interest and continue into next year and not to

1 pay this year's bills until this year or the year
2 after?
3

4 COMPTROLLER MARAGOS: It's not a bill.
5 It's not a bill is what I'm saying. If I have a
6 valid bill, we will pay it. And we do not --

7 LEGISLATOR DENENBERG: So name another
8 year we didn't have a settlement or a judgment
9 for the first nine months.

10 COMPTROLLER MARAGOS: That would be the
11 discretion of the administration at that time.

12 LEGISLATOR DENENBERG: Ah. Okay. So
13 I'm going to see --

14 LEGISLATOR NICOLELLO: If they present
15 settlements and judgments are you going to vote
16 for the bonding?

17 LEGISLATOR DENENBERG: how many cases --

18 LEGISLATOR NICOLELLO: If they present
19 settlements or judgments this year are you going
20 to vote for bonding for that? Legislator
21 Denenberg.

22 LEGISLATOR DENENBERG: He's not out of
23 order? He gets good question. This is the chair
24 of the committee not ganging up on one
25 legislator.

1 You know what? When you give me a
2
3 settlement that makes sense --

4 LEGISLATOR NICOLELLO: Will you vote for
5 the bonding?

6 LEGISLATOR DENENBERG: I'll vote for the
7 bonding when I get a settlement in the form that
8 we got them. And if I vote for a settlement, I
9 vote for the bonding, always have.

10 LEGISLATOR NICOLELLO: I know you will
11 vote for bonding when it's a democratic
12 administration because you voted for a billion
13 dollars of it. But will you --

14 LEGISLATOR DENENBERG: The only one who
15 ever held up bonding for tax settlements and
16 whoever voted no on tax --

17 LEGISLATOR NICOLELLO: Is Dave
18 Denenberg, right?

19 LEGISLATOR DENENBERG: was me -- well,
20 no, Roger Corbin also. Roger Corbin also. You
21 stand corrected.

22 LEGISLATOR NICOLELLO: I guess you're
23 not going to make that commitment.

24 LEGISLATOR DENENBERG: No. I treat
25 every administration the same, you don't.

LEGISLATOR NICOLELLO: Settle the cases to build up the liability and you will commit to borrow the money that they may need to do then. That's great.

LEGISLATOR DENENBERG: Okay. So for eight-plus months this year, whatever tax refund liability is now in our long term refund liability we've had no settlements and not judgments, correct?

COMPTROLLER MARAGOS: I estimate long term liability for the year is 80 million. Correct.

LEGISLATOR DENENBERG: But we don't expect to have to pay any of that this year, correct?

COMPTROLLER MARAGOS: We don't expect any of it to be current, yes.

LEGISLATOR DENENBERG: But we do expect that that would be a liability at the end of the year.

COMPTROLLER MARAGOS: No. It's going to be a long term liability, as we have indicated.

LEGISLATOR DENENBERG: So our long term liability according to you at the end of the year

is about 290 million.

COMPTROLLER MARAGOS: Correct.

LEGISLATOR DENENBERG: Okay. And in 2010 at the end of the year it was 152 million.

COMPTROLLER MARAGOS: That's correct.

LEGISLATOR DENENBERG: So that increasing liability, it's a liability because at some point it has to be paid, correct?

COMPTROLLER MARAGOS: It's a long term liability which may materialize or it may not materialize, depending on the court challenge and the success or failure.

LEGISLATOR DENENBERG: So then why do you call it a liability?

COMPTROLLER MARAGOS: It is a potential liability which we have to recognize.

LEGISLATOR DENENBERG: Now, you heard the discourse earlier with Mr. Sullivan about police overtime?

COMPTROLLER MARAGOS: Yes.

LEGISLATOR DENENBERG: Have you done any study as to why police overtime is up this year, was up last year, and up the year before?

COMPTROLLER MARAGOS: The comptroller's

office has continuously indicated that all retirement is problematic, needs to be monitored much and managed much more closely than it has. It's been under budgeted and we continue to have that opinion.

LEGISLATOR DENENBERG: So this year it is under budgeted as well, correct?

COMPTROLLER MARAGOS: Somewhat, yes.

LEGISLATOR DENENBERG: It was budgeted 44 million?

COMPTROLLER MARAGOS: Correct. And historically I think it's been running --

LEGISLATOR DENENBERG: What do you --

COMPTROLLER MARAGOS: been running about 60 million.

LEGISLATOR DENENBERG: anticipate it coming in at?

COMPTROLLER MARAGOS: I'm sorry?

LEGISLATOR DENENBERG: What do you anticipate the overtime number coming in at this year? Not Mr. Sullivan, not Mr. Chalmers, but yourself.

COMPTROLLER MARAGOS: For police we are projecting 60 million.

LEGISLATOR DENENBERG: You're projecting 60 million? I'm sorry.

COMPTROLLER MARAGOS: Yes. And with Corrections, 74.

LEGISLATOR DENENBERG: What does that mean?

COMPTROLLER MARAGOS: It means that we're going to be over budget by 14 million.

LEGISLATOR DENENBERG: I thought you just said 74.

COMPTROLLER MARAGOS: The total. If you look at this chart --

LEGISLATOR DENENBERG: What page are you on?

COMPTROLLER MARAGOS: Look at the overhead. If you go to Exhibit 1.

LEGISLATOR DENENBERG: Yes, sir.

COMPTROLLER MARAGOS: Expenses, overtime, police, and corrections.

LEGISLATOR DENENBERG: Okay. So you put police and corrections together. I think Mr. Chalmers was just looking at police, as budgeted 44 million and he expects it to come in at 62.

COMPTROLLER MARAGOS: If you go to page

8, Section 3.2 of the report.

LEGISLATOR DENENBERG: Now I'm back to the report not the overhead.

COMPTROLLER MARAGOS: Yeah.

LEGISLATOR DENENBERG: Now, have you, as our comptroller you've looked at these numbers obviously, correct?

COMPTROLLER MARAGOS: Yes.

LEGISLATOR DENENBERG: And you said that over the years you've seen the trends come in, overtime cost for the police department coming in over budget. Correct?

COMPTROLLER MARAGOS: That's correct.

LEGISLATOR DENENBERG: Now, what do you believe the cause is?

COMPTROLLER MARAGOS: I think I indicated under budgeting.

LEGISLATOR DENENBERG: The cause for the numbers coming in over budget is that the budgeted number is too low.

COMPTROLLER MARAGOS: Did not reflect the prior year experience.

LEGISLATOR DENENBERG: Okay. Have you looked at whether the consolidation of our

precincts have cost money or saved money? Have you done that study?

COMPTROLLER MARAGOS: No, we haven't completed that study. That is something that we are undertaking, Hurricane Sandy kind of set us back on that. It's something we are looking in to.

LEGISLATOR DENENBERG: So Hurricane Sandy from last late October interfered with your study?

COMPTROLLER MARAGOS: Yeah. Then we had year-end closings. There's a lot of things that transpired.

LEGISLATOR DENENBERG: Let me ask you. Is the comptroller's office studying the course or savings of consolidation, yes or no?

COMPTROLLER MARAGOS: Yes.

LEGISLATOR DENENBERG: When could we expect that report?

COMPTROLLER MARAGOS: I'd like to say in a couple of months.

LEGISLATOR DENENBERG: In a couple of months?

COMPTROLLER MARAGOS: Right. It depends

2 when I get the report and basically what comments
3 I have before it is completed. It usually goes
4 through very rigorous review before it's
5 released.

6 LEGISLATOR DENENBERG: What are you
7 looking at in terms of the cost of consolidation?

8 COMPTROLLER MARAGOS: I'm sorry?

9 LEGISLATOR DENENBERG: What are you
10 looking at --

11 COMPTROLLER MARAGOS: There are always
12 costs and opportunities --

13 LEGISLATOR DENENBERG: in terms of the
14 course -- let me finish my question, you asked me
15 to restate it or repeat it. What are you looking
16 at in terms of the cost of consolidation?

17 COMPTROLLER MARAGOS: Well, one of the
18 obvious costs would be increased overtime,
19 possible, or less overtime, as the case may be.

20 LEGISLATOR DENENBERG: What else?

21 COMPTROLLER MARAGOS: There are other
22 factors, as well.

23 LEGISLATOR DENENBERG: Why don't we name
24 a few of the big ones?

25 COMPTROLLER MARAGOS: There's the police

consolidation. There is the overtime. There is -- we're going to look at the crime statistics in those areas.

LEGISLATOR DENENBERG: I'm talking about monetary cost. So far you just said overtime.

COMPTROLLER MARAGOS: No. As you said before, there's going to be retirement implications, what are those?

LEGISLATOR DENENBERG: There's out of pocket costs, aren't there, of the police consolidation? Haven't you looked at those?

COMPTROLLER MARAGOS: Like what out of pocket costs?

LEGISLATOR DENENBERG: Like trailers that we bought to sit in parking lots next to the existing stationhouses.

COMPTROLLER MARAGOS: I don't know what the team is going to find. I presume that they're going to do a comprehensive review and report and then we can report back to you.

LEGISLATOR DENENBERG: I'll forward Mr. Chalmers' report that he gave me a couple of months ago, and then he updated it, both in terms of the cost of consolidation as well as police

1 overtime. I really would appreciate if the
2 comptroller would look at all the costs of
3 consolidation, which includes changes that were
4 made to the existing precinct houses,
5 consolidated precinct houses, the trailers, which
6 I'm sure you've heard of, you must have looked
7 that number, of course.

8
9 COMPTRROLLER MARAGOS: Right. But we all
10 appreciate that the major costs are going to be
11 the overtime implications, the retirement
12 implications, and the salary implications. Those
13 are the big factors.

14 LEGISLATOR DENENBERG: I believe, and
15 correct me if I'm wrong, that you've made
16 statements several times that the savings is 18
17 to 20 million. Correct?

18 COMPTRROLLER MARAGOS: I've made
19 statements, yes.

20 LEGISLATOR DENENBERG: What did you base
21 that on? What did you study, just the number of
22 officers that were retiring last year?

23 COMPTRROLLER MARAGOS: I looked at the
24 accounting department. They have their
25 methodologies that they use and they generate

number, as we do with all the budgetary projections that we do.

LEGISLATOR DENENBERG: That 18 to 20 million comes from what? To me it looks like it all comes from the number of officers that retired last year.

COMPTROLLER MARAGOS: I cannot give you details at this point.

LEGISLATOR DENENBERG: But you made a statement that we saved 18 to 20 million by consolidation. I've seen it a few times. What are you referring to?

COMPTROLLER MARAGOS: I'd be happy to get back to you and give you how that estimate was based.

LEGISLATOR DENENBERG: Okay. I think if we're saying that we saved 18 to 20 because of attrition, then we really have to look at other reason for attrition like, Mr. Sullivan said, the high overtime the last few years, the high overtime because of Sandy. I would also say that we're going to have even more attrition because running overtime numbers like we have in '11, '12, and '13 are almost going to force officers

1 into retirement just because of economics. If
2 they are here a number of years they might not
3 think that they could keep getting this kind of
4 overtime year after year.
5

6 COMPROLLER MARAGOS: We don't know what
7 the offsetting benefit is going to be to that, in
8 terms of lower salaries for new recruits and
9 lower long term pension costs.

10 LEGISLATOR DENENBERG: But by the same
11 token saying 18 to 20 million in savings because
12 of attrition without counting the cost in terms
13 of overtime, the cost in terms of out-of-pocket
14 expenses for each precinct --

15 COMPROLLER MARAGOS: Nobody said that
16 there's one factor that goes into arriving at the
17 18 to \$20 million.

18 LEGISLATOR DENENBERG: So I would like
19 to see a report --

20 COMPROLLER MARAGOS: Sure.

21 LEGISLATOR DENENBERG: that actually
22 compares and justifies, not just justifies, shows
23 where 18 to 20 million savings ever occurred, if
24 it did, and what the costs were. Mr. Chalmers
25 was able to do it pretty quickly. In terms of

1 police overtime it looks like, to agree with
2 George Marlin, that the overtime costs alone more
3 than offset any supposed savings from
4 consolidation. I'd love your opinion.
5

6 COMPROLLER MARAGOS: I'd be happy to
7 give it to you.

8 LEGISLATOR DENENBERG: In terms of -- in
9 terms of the current budget that we're in, the
10 sewer district fund, we were talking about
11 reserve funds. Over the last, since 2010 can you
12 tell me what the sewer district reserve has been
13 at the end of each year?

14 COMPROLLER MARAGOS: We don't report on
15 the sewer fund. These are only the major funds
16 that we're reporting and projecting on.

17 LEGISLATOR DENENBERG: So it's not part
18 of the comptroller's job to look at the sewer
19 fund and all?

20 COMPROLLER MARAGOS: It is, but not
21 part of this report. I'd be happy to get back to
22 you on that.

23 LEGISLATOR DENENBERG: I'm sorry. Say
24 that again.

25 COMPROLLER MARAGOS: I'm saying if you

1 have questions on the sewer fund projections, I'd
2 be happy to get back to you on that.

4 LEGISLATOR DENENBERG: I'd like what the
5 fund balance closing in '10, '11, '12, '13 was,
6 understanding that '13 needs to be projected, the
7 sewer fund balance. Okay.

8 Now, this year, you were here when I
9 asked Mr. Sullivan and he said \$12 million is in
10 the budget as revenue from what I call the toilet
11 tax, the fees that are being imposed on not-for-
12 profits, correct?

13 COMPTROLLER MARAGOS: Correct.

14 LEGISLATOR DENENBERG: Have you ever
15 seen what those fees are supposed to be?

16 COMPTROLLER MARAGOS: No. We've assumed
17 no revenues from the sewer fund in our budget
18 projections.

19 LEGISLATOR DENENBERG: In your budget
20 projections the sewer fund has no new revenue.

21 COMPTROLLER MARAGOS: Correct.

22 LEGISLATOR DENENBERG: Just existing
23 revenue, correct?

24 COMPTROLLER MARAGOS: Yes.

25 LEGISLATOR DENENBERG: I was correcting

1 you because you said no revenue from the sewer
2 fund. To be fair, I'm sure you meant no new
3 revenue.
4

5 COMPROLLER MARAGOS: Yes.

6 LEGISLATOR DENENBERG: Now, Mr. Sullivan
7 is still projecting 12 million, but he said that
8 the sewer fund wouldn't affect the overall
9 budget. I didn't really understand that. Can
10 you explain that to me?

11 COMPROLLER MARAGOS: Well, it's not
12 part of the major funds that we report.

13 LEGISLATOR DENENBERG: All right. I'd
14 like to know what the fund balance is projected
15 at the end of '13 and what it was at the end of
16 '10, '11, '12, and '13.

17 LEGISLATOR NICOLELLO: We'll expand that
18 to 2002.

19 LEGISLATOR DENENBERG: Hold on one
20 second. One second.

21 Let me ask you. In terms of termination
22 pay for anyone retiring this year, how much money
23 is in the budget for termination pay for '13?

24 COMPROLLER MARAGOS: For police we have
25 22.6 million.

2 LEGISLATOR DENENBERG: And that's as
3 pay-as-you-go?

4 COMPTROLLER MARAGOS: Yes.

5 LEGISLATOR DENENBERG: For CSEA?

6 COMPTROLLER MARAGOS: We have it by fund
7 here, but I'll be happy to get back to you by
8 department.

9 LEGISLATOR DENENBERG: Yeah. I'd like
10 to know by department.

11 COMPTROLLER MARAGOS: Okay.

12 LEGISLATOR DENENBERG: And the amount
13 that you set aside for termination pay, is that
14 in accordance with what OMB set aside for
15 termination pay or is that what you're looking at
16 in your funds to cover the cost?

17 COMPTROLLER MARAGOS: For just police,
18 OMB we believe had 30 million and we projected 22
19 million.

20 LEGISLATOR DENENBERG: For termination
21 pay.

22 COMPTROLLER MARAGOS: For termination
23 pay, correct.

24 LEGISLATOR DENENBERG: And that's out of
25 operating --

2 COMPTROLLER MARAGOS: Yes.

3 LEGISLATOR DENENBERG: We expect to pay
4 out of operating funds?

5 COMPTROLLER MARAGOS: That's correct.

6 LEGISLATOR DENENBERG: Hold on one
7 second.

8 Thank you.

9 COMPTROLLER MARAGOS: Thank you.

10 CHAIRMAN KOPEL: Any further questions?

11 LEGISLATOR ABRAHAMS: I do.

12 CHAIRMAN KOPEL: Minority Leader
13 Abrahams.

14 LEGISLATOR ABRAHAMS: How are you, Mr.
15 Maragos?

16 COMPTROLLER MARAGOS: I'm very well.

17 LEGISLATOR ABRAHAMS: Good. Good.

18 I want to piggyback on something I guess
19 that Legislator Denenberg was asking about, and
20 then I want to jump into the \$88 million 2012
21 liability that I think was discussed with Mr.
22 Sullivan and then I want to jump into the wage
23 freeze. I apologize for stepping out and missing
24 part of your testimony. I'm sure you had
25 commentary. I was able to hear some of it but I

wasn't able to hear all of it so I apologize.

I thought I heard a reference that there weren't any settlements or judgments for 2013, and I guess --

COMPTROLLER MARAGOS: Year to date.

LEGISLATOR ABRAHAMS: Year to date. It was our understanding that that's not the case. Is that confirmed by the county attorney's office or is there anyone here from the county attorney's office?

COMPTROLLER MARAGOS: We're not aware if there are any.

LEGISLATOR ABRAHAMS: Because it was our understanding from the county attorney's office that that's not the case. I guess it's neither here nor there. We would need somebody from the county attorney's office to validate that.

But I do want to ask you, the 88 million -- first, you're familiar with the Judge Adams' December 2012 -- December 27, 2012 order, right?

COMPTROLLER MARAGOS: Yes.

LEGISLATOR ABRAHAMS: And within that order there was a shifting of \$88 million in 2012

2 liability to 2013; am I correct?

3 COMPROLLER MARAGOS: Correct.

4 LEGISLATOR ABRAHAMS: If that shift did
5 not occur --

6 COMPROLLER MARAGOS: I think it was 82
7 million.

8 LEGISLATOR ABRAHAMS: 82.

9 COMPROLLER MARAGOS: The total was 88;
10 I think the difference was some prior year, I
11 believe.

12 LEGISLATOR ABRAHAMS: It was prior
13 year, from 2011 I believe.

14 COMPROLLER MARAGOS: I think so.

15 LEGISLATOR ABRAHAMS: You're actually
16 right.

17 If that shift does not occur, what would
18 be the county's exposure in 2012?

19 COMPROLLER MARAGOS: Well, that's a
20 hypothetical question. There was also 75 million
21 in the budget for property tax refunds. If you
22 take those two --

23 LEGISLATOR ABRAHAMS: I was told that
24 money was transferred.

25 COMPROLLER MARAGOS: It wasn't

1 transferred. It wasn't bonded. There was no
2 approval for bonding. Putting those two
3 hypotheticals together, the difference would have
4 been 13 million, so the 41 million surplus would
5 have come down to 28 million.
6

7 LEGISLATOR ABRAHAMS: Let me just
8 double check that with my finance people. I was
9 under the impression that the 75 million was
10 transferred for another purpose. I was under the
11 impression -- I'm sorry, Mr. Maragos. I'm under
12 the impression that it was transferred to cover
13 2012 salary expenses. I believe the legislature
14 approved that in May 2013. Am I accurate in
15 saying that?

16 COMPTROLLER MARAGOS: I'm sorry. That
17 was done at the end of the year, before the
18 Judge's order was issued.

19 LEGISLATOR ABRAHAMS: I'm taking a look
20 at it in review. In light of the May transfer,
21 you transferred the 75, and then also in
22 conjunction, if we didn't have the order, the
23 order is kind of unusual. I've been in the
24 legislature for 11 years and I don't remember a
25 judge ordering judgments or settlements to be

1 paid in the following year when they should have
2 been booked in the year that we were in. There
3 were a lot of unusual things occurring. With
4 that being said. If that did not happen and
5 assuming, like we said, the 75 million was
6 transferred -- I mean, this legislature approved
7 it I believe in May 2013, or it would be the
8 county's exposure in 2012.

10 COMPROLLER MARAGOS: Then the
11 administration would have had other options,
12 presumably taken other steps in balance or in
13 surplus.

14 LEGISLATOR ABRAHAMS: Oh. Such as?

15 COMPROLLER MARAGOS: The
16 disencumbrances, cutting expenses.

17 LEGISLATOR ABRAHAMS: They did a level
18 of disencumbrance. I wish Mr. Sullivan was still
19 here. I thought they did a level.

20 COMPROLLER MARAGOS: They could have
21 done more.

22 LEGISLATOR ABRAHAMS: They could have
23 done more?

24 COMPROLLER MARAGOS: Sure.

25 LEGISLATOR ABRAHAMS: More in the tune

of?

COMPTROLLER MARAGOS: I'm not presupposing or predicting the options that the administration would have had in various hypothetical situations.

LEGISLATOR ABRAHAMS: They totaled how much?

COMPTROLLER MARAGOS: I can't address that right here. I just don't know. But those are all hypothetical situations. From an accounting point of view and a comptroller's responsibility is to reflect the decisions that are being made and their economic or budgetary impacts.

LEGISLATOR ABRAHAMS: I understand that. We also have to take into consideration that we have situations that never occurred in Nassau County. I know this is more of a judicial thing. What would be the reasoning for Judge Adams to even order this type of thing? Normally the county has an expense, they should pay the expense any way it can.

COMPTROLLER MARAGOS: Again, I cannot address that. I think certainly the

administration had the option to appeal.

LEGISLATOR ABRAHAMS: Appeal Judge Adams' order, yeah. What I'm trying to say is from that standpoint, looking at the fact that this order came down and the order was on consent, it just seems to me that here we are facing an \$82 million liability at the close of 2012 and without it it just seems to me that there would be a deficit.

COMPTROLLER MARAGOS: There would have been other options that the administration could have pursued.

LEGISLATOR ABRAHAMS: And you feel the other options would have totaled --

COMPTROLLER MARAGOS: They could have come to the legislature and asked for bonding, for example, to pay for those amounts.

LEGISLATOR ABRAHAMS: But they did come to the legislature multiple times to ask for borrowing.

COMPTROLLER MARAGOS: Again, I cannot predict. I cannot address hypotheticals.

LEGISLATOR ABRAHAMS: No, no, no. They're not hypotheticals. It's from a

1 standpoint that they didn't have this. It's a
2 hypothetical to that degree. I'm looking at a
3 situation where this order has never happened
4 before. Are we expecting another order? We
5 talked about -- I tried to get into it with Mr.
6 Sullivan earlier today.

8 Obviously, you said there are no
9 judgments to date that have come, but that's an
10 annual expense. We know full well of the backlog
11 that exists. We know full well that some of them
12 will come to fruition at some point this year; is
13 that fair to say?

14 COMPTROLLER MARAGOS: I cannot predict
15 that. As I indicated, we're in the third quarter
16 of the year and there has been no judgments or
17 settlements to result in current liabilities.

18 LEGISLATOR ABRAHAMS: Mr. Maragos, let
19 me ask this question a different way. The \$82
20 million that was determined in 2012, how as that
21 number determined and if you were to validate
22 that number, when would have validated that
23 number in 2012?

24 COMPTROLLER MARAGOS: Those were the
25 cases that the county attorney saw fit to present

1 to Judge Adams for a judgment.

2 LEGISLATOR ABRAHAMS: correct.

3 COMPTRROLLER MARAGOS: Again, I don't get
4 involved as to why those cases and not others.

5 LEGISLATOR ABRAHAMS: What I'm driving
6 at is there was a point in time in 2012 where the
7 county attorney determined that there was going
8 to be a certain level of cases. Every single
9 year, as long as I've been here, we've always
10 determined a number that we were going to pay
11 out, whether it's bonding, whether it's done by
12 pay-go and some bonding. We've always determined
13 a number that we're going to pay out at some
14 point. To me, not to have that number today and
15 in September and not to even have an idea of what
16 a projection of a number will be based on the
17 testimony I heard from the deputy county
18 executive to me is unheard of. I was always
19 under the impression that we knew that number
20 maybe not in January but we knew it full well in
21 June/July.

22 COMPTRROLLER MARAGOS: What I said
23 earlier is it seems that that policy has changed.
24 And I'm not sure that there was merit in the old
25

1 policy because nobody determined because you made
2 a budgetary projection and went on that basis to
3 pay without a determination on the merit, I take
4 exceptions to it. I think the current policy
5 where we are challenging the grievances certainly
6 is to the benefit of the county versus possibly
7 what was being done before.

8
9 LEGISLATOR ABRAHAMS: I guess what I'm
10 driving at and I'll move on after this because I
11 know we have Legislative Budget Review that has
12 to come up next.

13 I guess what I'm driving at, more
14 important than anything else, basically we have
15 this \$82 million number or we have a number that
16 fluctuates between I guess 80 and \$100 million.
17 Would you argue the fact that we pay out tax
18 certiorari liability every single year? Correct?

19 COMPTROLLER MARAGOS: We've been paying
20 every single year, varying amounts.

21 LEGISLATOR ABRAHAMS: So we have an
22 idea of what that number will be for 2013.
23 Correct? Or we know full well a number --

24 COMPTROLLER MARAGOS: No. We can
25 estimate the liability based on the history.

2 LEGISLATOR ABRAHAMS: Yes.

3 COMPTROLLER MARAGOS: The long-term
4 liability. But we cannot predict the current
5 liability.

6 LEGISLATOR ABRAHAMS: Correct.

7 COMPTROLLER MARAGOS: Especially in
8 light of the policy of this administration to
9 challenge.

10 LEGISLATOR ABRAHAMS: But we don't
11 expect the number to be zero this year.

12 COMPTROLLER MARAGOS: It could be very
13 well zero. We are eight months into the year and
14 there's been none.

15 LEGISLATOR ABRAHAMS: Have we ever had
16 a year where it has been zero?

17 COMPTROLLER MARAGOS: No. I do know
18 there hasn't been. But the old policy does not
19 seem to have served the county well.

20 LEGISLATOR ABRAHAMS: I'm sorry. You
21 referenced the old policy.

22 COMPTROLLER MARAGOS: No, no. Because
23 of deciding whether there's merit or not to pay
24 \$100 million in property tax refunds.

25 LEGISLATOR ABRAHAMS: So it's in your

1 estimation that the number could be zero, and if
2 the number is zero, therefore there's no
3 liability and therefore it should not be
4 reflected --

5
6 COMPROLLER MARAGOS: No. I made a
7 distinction between a current liability and long-
8 term liability. There may be no current
9 liability but there may very well be an estimated
10 \$80 million in long-term liability.

11 LEGISLATOR ABRAHAMS: The total
12 liability, and let's just backtrack and I know
13 this is a little bit what Legislator Denenberg
14 got into. The total liability is what, again?

15 COMPROLLER MARAGOS: The total long
16 term --

17 LEGISLATOR ABRAHAMS: Long term
18 liability.

19 COMPROLLER MARAGOS: estimated at 290
20 million by the end of this year, conservatively
21 on the high side.

22 LEGISLATOR ABRAHAMS: On the high side.
23 Okay. And in 2012 we were required to pay -- the
24 82 million, is that a part of the 290 or not?

25 COMPROLLER MARAGOS: Yes, it is.

2 LEGISLATOR ABRAHAMS: It is. So of the
3 82 million this legislature bonded 40 million and
4 that 40 million reduces the 290 to 250. Am I
5 understanding that correctly?

6 COMPTROLLER MARAGOS: No. If you go to
7 page 11 of our report you will see the running --

8 LEGISLATOR ABRAHAMS: I'm sorry.

9 COMPTROLLER MARAGOS: payments and
10 liabilities.

11 LEGISLATOR ABRAHAMS: I don't have a
12 page 11. This report here?

13 COMPTROLLER MARAGOS: The report dated
14 August 7.

15 LEGISLATOR ABRAHAMS: Okay. I'm on the
16 page now. What should I be looking at?

17 COMPTROLLER MARAGOS: Look at the long
18 term table.

19 LEGISLATOR ABRAHAMS: Okay.

20 COMPTROLLER MARAGOS: That shows the
21 year end, ending the additions and payments.

22 LEGISLATOR ABRAHAMS: Okay. I see the
23 290 estimated for this year, and then I see the
24 payment of 88.

25 COMPTROLLER MARAGOS: Right. To get to

2 the 290. But you also see 80 million in
3 additions.

4 LEGISLATOR ABRAHAMS: So this is the
5 number that I was driving at, Mr. Maragos. So
6 this 80 million is the addition for 2013.

7 COMPTROLLER MARAGOS: Right. In terms
8 of long term liabilities.

9 LEGISLATOR ABRAHAMS: Long term
10 liability.

11 COMPTROLLER MARAGOS: Not current.

12 LEGISLATOR ABRAHAMS: Not current. But
13 you anticipate this liability should be paid in
14 2013?

15 COMPTROLLER MARAGOS: No. This is long
16 term.

17 LEGISLATOR ABRAHAMS: When should this
18 --

19 COMPTROLLER MARAGOS: Whenever there's a
20 settlement or judgment.

21 LEGISLATOR ABRAHAMS: Whenever there's
22 a settlement or judgment.

23 COMPTROLLER MARAGOS: Right.

24 LEGISLATOR ABRAHAMS: I have to --

25 well, it's neither here nor there, Mr. Maragos.

1 I truly believe it's a disservice to this
2 legislature if we don't have some type -- we know
3 full well we're going to at some point I would
4 have to think the judgments, and I would like to
5 know if somebody from the county attorney's
6 office could be here. I would have to think at
7 some point those judgments or those settlements
8 are going to come to this legislature for some
9 type of vote.
10

11 COMPTROLLER MARAGOS: If they do come,
12 we will certainly reflect them in our budgetary
13 forecasts and certainly in the year end actual.

14 LEGISLATOR ABRAHAMS: But I would think
15 it would be fiscally prudent to reflect whatever
16 the historical number has always been just to
17 make sure we're covering ourselves. It would be
18 more financially conservative to have that number
19 in place so that if it doesn't happen great, then
20 you would have a windfall. But we know full
21 well, and I can tell you for the last 11, 12
22 years I've been here, I've always some level of
23 payment for tax certioraris, always.

24 COMPTROLLER MARAGOS: There may be. As
25 of right now the administration has not declared

that there will be any. We're not aware of any cases that have been settled.

LEGISLATOR ABRAHAMS: So the surplus that we're talking about -- and your number, I believe, is 5.6 million.

COMPTROLLER MARAGOS: Right.

LEGISLATOR ABRAHAMS: Doesn't account for that. But if it did account for that, this legislature could very well, Nassau County could very well endure a deficit.

COMPTROLLER MARAGOS: If that reality comes to being then it could be. But other items can come in positively, like sales tax revenue projections which would be offsetting and then the legislature will have the option at that point to decide.

LEGISLATOR ABRAHAMS: I don't want to mix words. You've already accounted for sales tax coming in higher.

COMPTROLLER MARAGOS: It can come in much higher.

LEGISLATOR ABRAHAMS: Much higher than what it is.

COMPTROLLER MARAGOS: Yeah.

LEGISLATOR ABRAHAMS: With the reality that is being described as a hypothetical to me is a very real situation because it's always come in.

COMPTROLLER MARAGOS: No, it hasn't come in. It has come in only because the county executive and the legislature decided to pay and settle. If that policy has changed, as it seems to have changed, then it probably will not come in.

LEGISLATOR ABRAHAMS: If you don't pay it, it doesn't mean that it's not there anymore.

COMPTROLLER MARAGOS: Then it's reflected as a long term liability not as a current liability.

LEGISLATOR ABRAHAMS: What I'm trying to say is then it's basically going to sit out there and keep getting deferred from year to year, year to year.

COMPTROLLER MARAGOS: Until it becomes a current liability, yes.

LEGISLATOR ABRAHAMS: But to me it sounds to be more of a game than anything else.

COMPTROLLER MARAGOS: Those are the

accounting rules.

LEGISLATOR ABRAHAMS: Yes.

COMPTROLLER MARAGOS: You won't pay a bill until it's due, and that's, in the simplest form, the best analogy here.

LEGISLATOR ABRAHAMS: But we know full well the bill deserves to be paid and should be paid.

COMPTROLLER MARAGOS: Why? Under whose authority? Why would we pay a bill that is not due, that you don't even think you owe? You may not owe it.

LEGISLATOR ABRAHAMS: Based off of past practice, we've always paid this bill --

COMPTROLLER MARAGOS: But those past practices maybe have not been wise.

LEGISLATOR ABRAHAMS: Says who?

COMPTROLLER MARAGOS: Commonsense tells you why would you pay a bill unless you're obligated to pay?

LEGISLATOR ABRAHAMS: No, no. That's not my point. What I'm saying is -- you're mixing the words. What I'm saying is that it should be fiscally prudent to factor in the bill.

1 Look, look at this. I don't get a bill for my
2 mortgage. I'm going to bring this down to layman
3 terms. I don't get a bill for my December
4 mortgage in September. I got my September
5 mortgage paid on September 1 but I know full well
6 that my mortgage is coming on December 1. So I
7 know full well that whether my cash flow and I
8 get paid through here and other places, I work
9 full time. But I know full well at some point
10 I'm going to have to pay that bill on December 1.
11 It's coming.

12
13 COMPROLLER MARAGOS: You know because
14 you have a contractual obligation in the form of
15 a series of payments.

16 LEGISLATOR ABRAHAMS: Absolutely.

17 COMPROLLER MARAGOS: You don't have
18 that here.

19 LEGISLATOR ABRAHAMS: It's also based
20 off of past practice that I get a bill --

21 COMPROLLER MARAGOS: No. It's not a
22 past practice.

23 LEGISLATOR ABRAHAMS: Yes, it is. I
24 get a bill every month. I know full well it's
25 coming. Mr. Denenberg gave me even a better

example.

COMPTROLLER MARAGOS: Okay.

LEGISLATOR ABRAHAMS: Say an example is with LIPA or with National Grid. I haven't turned on the lights yet and I haven't used the gas for that particular month. It's not a contractual agreement. I may not use any gas, I may not use any lights but I know full well that basically if I want to have power in my house and I want to have heat in my home, I will use those two things. That being said, I have to budget for those two things. It is no different here; I should have to budget for this particular number because I know full well at some point it will come down. Again, it should really be identified as a constant, at least a risk. I did believe I saw it in Legislative Budget Review's report that they did identify it as a risk. There should be some risk at least to identify it.

COMPTROLLER MARAGOS: There is. And it's identified as a long term liability.

LEGISLATOR ABRAHAMS: No, no.

COMPTROLLER MARAGOS: And that's the correct way of doing it.

1 LEGISLATOR ABRAHAMS: It should be
2
3 identified -- a portion of it should be
4 identified as a risk for 2013. I couldn't see
5 why not because we have done that systemically --
6 I mean since I've been here, for the last 11
7 years.

8 COMPTROLLER MARAGOS: But in effect we
9 are doing that for every line item. On the basis
10 of practices, we anticipate on every line item.

11 LEGISLATOR ABRAHAMS: But from my
12 standpoint it looks like we're just playing a
13 game. We know full well that this is a liability
14 that has come to pass every single year since
15 going back to -- since I have been here and even
16 before that. And we know full well that that
17 number will come. And whether we're having this
18 discussion again later on this month or in
19 October, whenever the budget hearings come in
20 place, maybe hopefully by then we will have more
21 clarification. But we know full well there will
22 be a number. To me, when you're coming up with
23 budget projections it would just seem to be more
24 prudent, especially -- I understand. Line by
25 line, to nickel and dime every thousand dollars

1 here, maybe not. But to have something out
2 there, the elephant in the room which is
3 millions, you're talking about a seven -- sorry --
4 - an eight digit million dollar number. That's
5 huge.
6

7 COMPTROLLER MARAGOS: What would you
8 suggest we do when you have the administration
9 saying we're not going to settle and we're going
10 to fight these in court? On that basis I don't
11 think it's farfetched to anticipate that possibly
12 this year there may even be no settlements.

13 LEGISLATOR ABRAHAMS: But then your
14 analysis, in terms of how that should be done
15 versus what Legislative Budget Review has done is
16 completely opposite. They at least identify --
17 you should at least identify the risk. Your
18 office is independent of the county executive.
19 You do know that this expense and this exposure
20 has come to the county for many years before you
21 and I were here. From that standpoint, if we're
22 following past history, and the only reason you
23 can do any projection is you've gotta follow some
24 type of history. Based off of past history it's
25 demonstrated that this expense is coming. If

1 this expense is coming, it would make more
2 fiscally conservatively projections to at least
3 include it.
4

5 COMPTROLLER MARAGOS: I disagree.
6 History doesn't necessarily repeat itself,
7 certainly in the investment world. Everybody
8 tells you that past history, past performance is
9 no indication or not guarantee of future
10 performance. Furthermore, I think to project an
11 expense which may not materialize, and on the
12 other side project borrowing to cover that
13 expense, I think it's inappropriate.

14 LEGISLATOR ABRAHAMS: Before I move on
15 to the next thing, I want to move into wage
16 freeze. This is a statement which identifies one
17 of the risks from the Office of Legislative
18 Budget Review's report, and I just wanted to see
19 if you agree or disagree with it; it's on page
20 11. It talks about the tax certiorari judgments.
21 This is the bullet point.

22 "The administration will more than likely
23 have to accrue for tax certiorari judgments at
24 year end. The number has not been determined."
25 Which you have stated multiple times has not been

1 determined. Do you agree with the aspect that
2 the administration will have to accrue for tax
3 certiorari estimates at some point?
4

5 COMPROLLER MARAGOS: Again, I don't
6 want to opine on that. To me, if you anticipate
7 an expense then you have to estimate it. In this
8 case, you cannot basically state that you
9 anticipate it but you can't estimate it. And
10 that's the dilemma that we were faced as well,
11 because we could not estimate it.

12 LEGISLATOR ABRAHAMS: But in all
13 honesty --

14 COMPROLLER MARAGOS: We couldn't
15 project it and account for it.

16 LEGISLATOR ABRAHAMS: But you're
17 estimating a surplus.

18 COMPROLLER MARAGOS: On the basis of
19 the detailed analysis and following methodologies
20 and procedures that were historically used.

21 LEGISLATOR ABRAHAMS: But your estimate
22 does not include this very common reality that
23 the administration will more than likely have to
24 accrue it for a tax certiorari judgment.

25 COMPROLLER MARAGOS: I would disagree

with that reality.

LEGISLATOR ABRAHAMS: Mr. Maragos, how do you determine what to include and what not to include?

COMPTROLLER MARAGOS: It depends on the item. If you have a current expense and you have a history of expense in both --

LEGISLATOR ABRAHAMS: Exactly. You just said it, a history of expenses.

COMPTROLLER MARAGOS: Right. And then you make a determination. If those variables continue to apply or they need to be modified and different assumptions made.

LEGISLATOR ABRAHAMS: But I agree. That's the point. A history of expenses. Let me move on. I don't want to take too much time. Let me just move on -- let me move on to the wage freeze.

Has your office been able to generate or to do an analysis on the cost of the wage freeze?

COMPTROLLER MARAGOS: Yes, we have. I believe it was projected through to the end of 2013. We will have a liability of approximately 230 million.

LEGISLATOR ABRAHAMS: 230 million.

COMPTROLLER MARAGOS: Correct.

LEGISLATOR ABRAHAMS: How much of the fund balance, in the essence that the previous decision will be overturned -- I'm sorry -- sustained, I said that wrong, how much of the fund balance would have to be absorbed to pay that 230 million?

COMPTROLLER MARAGOS: A hundred percent.

LEGISLATOR ABRAHAMS: How much is the fund balance?

COMPTROLLER MARAGOS: About 82 million.

LEGISLATOR ABRAHAMS: Then we'll be short.

COMPTROLLER MARAGOS: Very short, yes. And then we've identified that as a significant risk and so have the rating agencies. That's why we are urging the county executive and the legislature to resolve the issue, settle it, or to eliminate that risk.

LEGISLATOR ABRAHAMS: How would the legislature eliminate that risk? You mean if the county executive sent us some type of labor agreement?

COMPTROLLER MARAGOS: Yeah. We need to work together on that. I can't not stress the importance of a settlement to avoid maybe a worse case adverse decision.

LEGISLATOR ABRAHAMS: And what would happen to the surplus that you have projected?

COMPTROLLER MARAGOS: Again, those are all hypotheticals. The county, depending how the county decides to deal with a court decision, then we will determine what the impact is going to be.

LEGISLATOR ABRAHAMS: Well, let me --

COMPTROLLER MARAGOS: But it's going to be significant.

LEGISLATOR ABRAHAMS: Let me backtrack. There's already been a court that's already decided that the county is liable for \$230 million; am I correct?

COMPTROLLER MARAGOS: Which is being appealed, yes.

LEGISLATOR ABRAHAMS: Which is being appealed.

COMPTROLLER MARAGOS: Yes.

LEGISLATOR ABRAHAMS: But based off of

1 that, we know full well that there's \$230 million
2 of exposure that's out there.
3

4 COMPROLLER MARAGOS: Potentially.

5 LEGISLATOR ABRAHAMS: Assuming we lose
6 the appeal, I guess not knowing what the
7 administration would do, there's 82 million in
8 fund balance, of which the balance of that would
9 have to be 150 million-some-odd dollars would
10 have to be paid out of whatever the legislature
11 comes to an agreement on.

12 COMPROLLER MARAGOS: Right.

13 LEGISLATOR ABRAHAMS: But what I'm
14 asking you is you projected a \$5.6 million
15 surplus. What does -- if the county decides to
16 pay this out of operating budget, wouldn't that
17 basically make the surplus a deficit?

18 COMPROLLER MARAGOS: I can't really
19 comment on what the county executive and
20 legislature would decide to do. They may decide
21 to cut expenses by \$300 million. I don't know
22 how but that's an option that they have to come
23 up with the money.

24 LEGISLATOR ABRAHAMS: Is there \$300
25 million to cut between now and December? Hasn't

1 a lot of it been spent already? We're already in
2 the third quarter.

3
4 COMPTROLLER MARAGOS: You can appeal
5 again. You can enter into a settlement. Again,
6 it would be inappropriate to speculate on worst
7 case scenario.

8 LEGISLATOR ABRAHAMS: It's neither here
9 nor there, but I don't think we can appeal again.
10 That being said, it sounds like to me the county
11 will be on the hook for -- the point I'm driving
12 at is, and it's similar to the tax accruals, it
13 just seems to me that it would be more prudent to
14 budget some of this in. We know full well if
15 we're ordered to pay it and there is no deal to
16 bond it, then I would think that it would be
17 fiscally prudent to somehow put it in the budget
18 or put it into your projections.

19 COMPTROLLER MARAGOS: Well, you can put
20 it in the budget and we're urging that, that in
21 the 2014 multi-year plan.

22 LEGISLATOR ABRAHAMS: But what about
23 your projections? How do you reflect this number
24 in the end of the year projections? Do you
25 reflect it?

2 COMPTROLLER MARAGOS: No, we don't.

3 LEGISLATOR ABRAHAMS: But you know it's
4 coming though.

5 COMPTROLLER MARAGOS: What's the
6 likelihood that it's going to come this year?

7 LEGISLATOR ABRAHAMS: We know full well
8 before the end of the year, based on what we are
9 hearing --

10 COMPTROLLER MARAGOS: How do you know?

11 LEGISLATOR ABRAHAMS: Because basically
12 from our standpoint and the way these appeals
13 have worked, this went to court in June and we
14 know full well there will be a decision probably
15 coming down if not this month then by next month.

16 COMPTROLLER MARAGOS: That could be
17 appealed.

18 LEGISLATOR ABRAHAMS: I guess the next
19 level would be --

20 COMPTROLLER MARAGOS: Again, we cannot
21 make those judgments especially on hypotheticals.

22 LEGISLATOR ABRAHAMS: The next level of
23 appeal would be the United States Supreme Court.

24 COMPTROLLER MARAGOS: I'm not an
25 attorney so I don't know what the next level is.

NIFA feels they're going to win.

LEGISLATOR ABRAHAMS: I'm sure they felt that way the first time.

COMPTROLLER MARAGOS: Otherwise they would have settled. And I'm saying this is a risk that the county faces; I agree with that. I think it's important that that risk be taken off the table and some kind of settlement be entered into; that would be my recommendation and would be the financially prudent thing to do.

LEGISLATOR ABRAHAMS: I would say the financially prudent thing would be to include it into the projection somehow.

CHAIRMAN KOPEL: It is, actually.

LEGISLATOR ABRAHAMS: No, it's not actually. It's not factored into the 5.6 million surplus. Don't way it is when it's not.

CHAIRMAN KOPEL: When something identifies something as a risk --

LEGISLATOR ABRAHAMS: Yes, a risk does --

CHAIRMAN KOPEL: A risk means that it --

LEGISLATOR ABRAHAMS: Guys, let's not mix words. Mr. Maragos, is the \$230 million

factored into your \$5.6 million projection?

COMPTROLLER MARAGOS: No, it's not. And it should not be.

LEGISLATOR ABRAHAMS: Stop saying it is, when it's not.

COMPTROLLER MARAGOS: And it should not be.

LEGISLATOR ABRAHAMS: Well, that's neither here nor there. That's what we're debating. The bottom line is that it's not factored into the 5.6. So you're not assuming \$230 million of the wage freeze being paid back when you calculate a \$5.6 million projection, that's what I'm trying to --

COMPTROLLER MARAGOS: Right. And NIFA agrees with that.

CHAIRMAN KOPEL: Are there any more questions from any other legislators?

LEGISLATOR NICOLELLO: I just have something.

CHAIRMAN KOPEL: Mr. Nicolello.

LEGISLATOR NICOLELLO: Minority Leader Abrahams has indicated a number of times that this has always done that way, in terms of tax

certioraris and in terms of the tax cert liability and accounting for it each year in some capacity. He's referred repeatedly to past history, past practice. But the thing that has changed is the consensus in this legislature that we would support bonding, although none of us ever liked it, both minority/majority would support bonding to pay for these judgments, that that no longer exists, which is what creates it to be a long term liability as opposed to something short. We can't -- because that change makes it impossible for us to plan for it on an annual basis. There is no agreement to pay for that bonding. Obviously there is no sufficient money in the county to pay it, \$300 million or whatever the total cost is if we settled all those cases. So in terms of past practice, past history, and it's always been there, what has changed is the consensus has disappeared. Unfortunately, I suspect that that will be the case going forward. I think the consensus that we have between minority and majority when Tom Suozzi was county executive, since it's gone now it may never exist again for republic or

democrat.

Again, none of us ever like doing it and none of us wanted to do it but we understood the need for it. But since that doesn't exist anymore, we're in the situation where now the administration not settling it and it's not a current liability and that's where we are.

Again, that's what's changed; it's the agreement between the minority and majority that we would pay for these tax certs by bonding when we had to.

LEGISLATOR ABRAHAMS: It's not a question for Mr. Maragos. I'm sorry to keep you there, Mr. Maragos.

Again, from our standpoint there was always a consensus. Yes, there was an ideal consensus to bond for tax certioraris but that was with an understanding that, number one, we were going in the direction of trying to pay for them out of the operating budget. One thing that you guys neglect to remember or not mention is that the previous administration included pay-go, to a large degree, to address half of the tax certiorari backlog in a given year if not more.

So, from that standpoint, we tend to forget that.

The only thing that I have seen from this current administration in regards to pay-go is the \$20 million that has been agreed to as part of this \$95 million structured deal recently. But we would love to be able to talk to the county executive and the administration about how we're going to address tax certioraris in the future, but there has to be some type of pay-go and it has to be inclusive of being paid out of the operating budget. We cannot continue to put more and more borrowing and more and more debt without a road map for how to pay it off.

CHAIRMAN KOPEL: I would just add to this dissertation that there is a roadmap and that roadmap is eliminating the borrowing all together. Well, it's not lost --

LEGISLATOR DENENBERG: You lost that.

CHAIRMAN KOPEL: It's not lost. It's under appeal. Hopefully that gets won. Ultimately, if that gets lost, I will join anyone else who wants to propose another plan to make sure that it gets off the table permanently. As the minority leader just said, I think -- well,

1 actually it was you, Mr. Nicoletto who said it.
2 Everyone agrees we've got to stop this. I don't
3 think that's a matter of dispute. We've got to
4 stop the practice of borrowing long term to pay
5 for short term expenses; there's no more surer
6 route to bankruptcy that I can think of. Either
7 the repeal of the county guarantee works or we've
8 got to come up with another way. We have come up
9 -- the administration has come up with another
10 way in terms of dealing with the residential
11 appeals, and that is to settle them on time.
12 Clearly, that's not the bulk of the money. We've
13 got to do better and we've got to do better soon,
14 in terms of the commercial matters. That having
15 been said.

17 I think we need to work together and make
18 sure that gets done as quickly as possible.
19 Meanwhile, though, I don't think there's anybody
20 who believes you could take that kind of chunk of
21 money out of the budget in one year and make it
22 work. It's got to be done in a transitional
23 basis, and I think even NIFA recognizes that.

24 If we have no other questions for this
25 witness, I believe that this hearing is over and

I thank you all very much.

LEGISLATOR ABRAHAMS: Nice try. I do have questions actually for --

CHAIRMAN KOPEL: Oh. I'm sorry.

LEGISLATOR ABRAHAMS: Legislative Budget Review.

CHAIRMAN KOPEL: Mr. Chalmers, would you please join us?

Mr. Maragos, thank you so much.

Mr. Weitzman, September 23 there is a full meeting of the legislature. There is no provision for public comment at a hearing of this nature. Look. I've only been doing it for two years but I'm told that there has not been. Therefore, September 23 you are absolutely invited to come and make whatever statement you want, but we're not going to provide a political forum this time.

Mr. Chalmers, would you please come and join us?

LEGISLATOR ABRAHAMS: Hold on one second. If I may, through the Chair. I remember distinctly being a part of these budget hearings and I remember Mr. Mulholland, who was from

1 Rockville Centre, who has actually written me
2 some correspondence and e-mails. I remember him
3 giving testimony at these hearings all the time.
4 Yes, he has. We're going to double check that
5 because I think there's a bit of a double
6 standard. I truly believe we have had public
7 comment at these meetings before.

9 CHAIRMAN KOPEL: Mr. Abrahams, I am not
10 going to get into that. I wasn't here.

11 LEGISLATOR ABRAHAMS: You weren't here
12 on this committee but you were part of this
13 legislature.

14 CHAIRMAN KOPEL: I was not at these
15 committee meetings so I don't know, before last
16 year. I don't know the answer to that. I'm
17 certainly not going to contradict you. But I am
18 here now. For better or for worse, I am chairing
19 the meeting. And we're not going to provide a
20 political forum here today.

21 Mr. Chalmers. Do we have questions for
22 Mr. Chalmers? By the way, you're invited to sit,
23 unless you prefer to stand.

24 MR. CHALMERS: I'm okay here.

25 CHAIRMAN KOPEL: We'll see. Because

1 once we all get through with you here, I'm not
2 sure you'll want to stand anymore.

3
4 Who has question for Mr. Chalmers?

5 LEGISLATOR ABRAHAMS: I have some and I
6 believe Legislator Denenberg does. I'll defer to
7 your side first, if you want to go first.

8 CHAIRMAN KOPEL: Mr. Abrahams, why don't
9 you go ahead?

10 LEGISLATOR ABRAHAMS: Thank you. How
11 are you, Mr. Chalmers?

12 MR. CHALMERS: Very well. How about
13 you?

14 LEGISLATOR ABRAHAMS: I do have some
15 questions in regards to your report, and I just
16 wanted, first, for you to elaborate on some of
17 the budget risks that you have identified in your
18 report.

19 MR. CHALMERS: You want me to go through
20 them, or?

21 LEGISLATOR ABRAHAMS: Yes, if you
22 could, just for the record.

23 MR. CHALMERS: The first item that we
24 have was the fringe benefits. There is a credit
25 in the fringe benefits projection of 2.7 that may

1 or may not materialize, so we recognize it as a
2 risk.
3

4 Overtime, right now we're still trending
5 approximately 33, 34 percent on the hours. If we
6 do a quick math that comes -- that brings us up
7 to, close to 65 million. So we have an
8 additional risk. We spoke to the police
9 department. They are in the process of putting
10 some things in place that they believe is going
11 to remedy this. There could be a fix. We wanted
12 to make sure that we discussed the additional
13 risk.

14 Termination pay. The administration
15 still insists that they are going to have about
16 approximately 125. When the budget was put in
17 place it was based on 75 termination. We
18 provided different scenarios on what it would be
19 should the additional --

20 LEGISLATOR ABRAHAMS: This is police.
21 Not to cut you off.

22 MR. CHALMERS: Correct. That is just
23 police.

24 Then the biggest risk is the tax cert, to
25 which we have requested to get a number but we

1 don't have a specific number and we're not able
2 to include that number in our projections.

3
4 LEGISLATOR ABRAHAMS: I thought you
5 felt that it was prudent to at least budget or
6 project at least \$65 million of risk regarding
7 the tax certs. Am I accurate by saying that?

8 MR. CHALMERS: We're projecting 65? No.
9 We are projecting \$20 million in the operating
10 funds for tax cert.

11 LEGISLATOR ABRAHAMS: But that's 20
12 million based off of the \$95 million agreement.

13 MR. CHALMERS: Correct.

14 LEGISLATOR ABRAHAMS: I'm going
15 forward. In regards to going forward, assuming
16 that the \$95 million has been addressed, which
17 the legislature has done \$40 million in bonding
18 already and I believe 20 million in pay-go.
19 Going back to the tax cert long-term liability
20 where every year judgments come down at some
21 point, none have come down to this point. What's
22 that number that you feel would be?

23 MR. CHALMERS: There's a whole universe.
24 That number historically could be ten million, a
25 solid judgment number, it could be 15, it could

1 be 20. We don't have that number and we are
2 unable to put that number in here in our
3 projections.
4

5 LEGISLATOR ABRAHAMS: But you feel
6 there will be a number.

7 MR. CHALMERS: There will be a number,
8 yes.

9 LEGISLATOR ABRAHAMS: Okay. The next
10 thing that I wanted to dive into -- your
11 projected surplus is \$9.2 million.

12 MR. CHALMERS: Correct.

13 LEGISLATOR ABRAHAMS: Your projected
14 surplus does not include what we were going back
15 and forth about, the wage freeze possibly
16 becoming a liability for the county.

17 MR. CHALMERS: No, it does not. It is
18 our understanding that the administration is
19 hoping to borrow for that money.

20 LEGISLATOR ABRAHAMS: Hoping to borrow
21 for it?

22 MR. CHALMERS: Correct.

23 LEGISLATOR ABRAHAMS: I could tell you
24 there's no agreement to borrow for anything in
25 regards to the \$230 million. So, basically Mr.

2 Maragos indicated that there is \$82 million in
3 fund balance.

4 MR. CHALMERS: That's correct.

5 LEGISLATOR ABRAHAMS: And the \$82
6 million of fund balance -- if this Legislature
7 couldn't come to some type of agreement on
8 borrowing for the balance of that the next level
9 that they would have to dive into, after
10 exhausting the fund balance, it would be -

11 MR. CHALMERS: Approximately \$150
12 million.

13 LEGISLATOR ABRAHAMS: \$150 million,
14 which would obviously hit the operating portion
15 of the budget.

16 MR. CHALMERS: I don't think the
17 operating part of the budget would be able to
18 sustain that hit.

19 LEGISLATOR ABRAHAMS: Interesting. So,
20 basically what would that do to any potential
21 surplus?

22 MR. CHALMERS: There would be no
23 surplus.

24 LEGISLATOR ABRAHAMS: So we would be
25 looking at a potential deficit.

MR. CHALMERS: That's correct.

LEGISLATOR ABRAHAMS: Mr. Sullivan talked about a little bit earlier 18 to \$20 million that was saved from the consolidation of police precincts. I don't know if you heard him or you were aware of that testimony when he gave it earlier today.

MR. CHALMERS: We did an analysis. Our analysis basically projected that there would be a savings of approximately 18 to \$19 million based on attritting 100 police officers and not backfilling those positions, so the annualized value is approximately 18 to \$19 million.

LEGISLATOR ABRAHAMS: The question I was asking Mr. Sullivan, and maybe you might be able to provide some clarification, is how much officers does the county normally attrit out?

MR. CHALMERS: Last year it was approximately 140 to 145, if I recall correctly, of which 98 were part of the incentive.

LEGISLATOR ABRAHAMS: Okay. And if you had to go based off of historical, what would be?

MR. CHALMERS: It would range between 70 to 100. But again, we could double check those

numbers.

LEGISLATOR ABRAHAMS: The reason I'm asking is because Mr. -- if I'm understanding Mr. Sullivan correctly, I can't believe he's attributing 18 to \$20 million of the number that you're representing, of that 147. Is he attributing that all to just the consolidation?

MR. CHALMERS: I'm not sure what he was doing.

LEGISLATOR ABRAHAMS: Because I find it hard to believe. The county saves from attrition every year.

MR. CHALMERS: Absolutely. We do.

LEGISLATOR ABRAHAMS: So that floor number is always, like you said, 75 to 100 officers.

MR. CHALMERS: Yes. The whole purpose of the incentive is to force some people out of the county off of the payroll.

LEGISLATOR ABRAHAMS: Correct.

MR. CHALMERS: So, basically if 75 to 100 officers is the floor and then you had said that we had 197 with the incentive, not really the consolidation -- it's the incentive that got

1 people to move out not the consolidation.

2 MR. CHALMERS: Yes. The incentive is
3 what pushed people out the door.

4 LEGISLATOR ABRAHAMS: I'm really trying
5 to drive at is there any other aspects of the
6 consolidation that saved any money?
7

8 MR. CHALMERS: That was the bulk of it.
9 The 18 to 19 million was supposed to come from
10 the savings from salaries and fringes from those
11 officers leaving and not having to backfill those
12 positions.

13 LEGISLATOR ABRAHAMS: I remember the
14 administration talking about efficiencies and
15 economies of scale and all this other stuff, in
16 terms of why we needed to go from eight precincts
17 to four, which we never went to four, but that
18 was the rationale then. Is there anything that
19 I'm missing here that saves money and basically
20 limits the amount of police precincts in our
21 communities?

22 MR. CHALMERS: Our analysis was -- it
23 stayed with the fact that we were going to save
24 on our salaries. We did not go into the
25 efficiencies. I'm not sure what the

1 administration said or how they said it. The
2 vague premise of offering the incentive was the
3 ability to move people from the precincts into
4 those positions that were going to be vacated.
5

6 LEGISLATOR ABRAHAMS: So, in essence,
7 the incentive tied with the consolidation is what
8 really saved the money.

9 MR. CHALMERS: The incentive, yes. The
10 incentive was going to save the money because --
11 and the consolidation would allow us not to
12 backfill those positions.

13 LEGISLATOR ABRAHAMS: Correct. Because
14 they would no longer be there because the
15 consolidation is not there.

16 MR. CHALMERS: Correct.

17 LEGISLATOR ABRAHAMS: So 75 to 100, 147
18 left. The difference in salaries, I guess this
19 is where Mr. Sullivan - I wish he was still here.
20 Roseanne is actually here, still here. Roseanne
21 could answer this question. The difference
22 between the 75 to 100 to the 147, is that
23 reflective of the 18 to \$20 million savings?

24 MR. CHALMERS: No. The 18 to \$20 million
25 is effective of the 98 officers that took the

incentive.

LEGISLATOR ABRAHAMS: I'm confused. That's a savings we get every year. How many officers left in 2011?

MR. CHALMERS: I don't remember. Not from the top of my head, I don't remember. There was one year I believe it was as low as 40.

LEGISLATOR ABRAHAMS: As low as 40?

MR. CHALMERS: Correct.

LEGISLATOR ABRAHAMS: Okay. Ms. D'Allewa would you know? No.

What I'm trying to find out is a historical number of how many officers normally leave. If I'm looking at this from, just from a layman, there should be a spike, there should be a spike in the amount of officers that have left as well as a savings to the county I would think in 2012 based on the testimony that I heard from Mr. Sullivan today.

MR. CHALMERS: I would have to double check the number. I believe, like I said, it was about 140, which was slightly higher than in the past.

LEGISLATOR ABRAHAMS: Hold on one

1 second. Is it possible, Mr. Chalmers, if you
2 could update your study to include the actual
3 amount saved that would be great.
4

5 MR. CHALMERS: That was the \$18.2
6 million.

7 LEGISLATOR ABRAHAMS: No, no, no. I'm
8 sorry. Now that the precincts have actually been
9 -- some of them have been remaining open and some
10 of them are not closed. I believe the First
11 Precinct is still open, which was slated to be
12 closed. Considering where we are today, if
13 that's possible. We didn't save from the
14 consolidation of the First Precinct because the
15 First Precinct was never consolidated, never
16 closed.

17 MR. CHALMERS: That would be very
18 difficult to break it down because the number of
19 employees. The savings were not broken down by
20 precinct. It was broken down in the number of
21 officers that actually left. So to go back and
22 break down all these officers by precinct.

23 LEGISLATOR ABRAHAMS: I gotcha. I
24 gotcha. That's it for me. Thank you.

25 CHAIRMAN KOPEL: Mr. Nicolello.

LEGISLATOR NICOLELLO: Mr. Chalmers, my understanding is pursuant to the contract there were eight precincts, and pursuant to contract there were a certain number of supervisory officers - superior officer, detectives - who had to fill a certain number of positions in every precinct. Do you recall that?

MR. CHALMERS: I believe that was the testimony from the police department, yes.

LEGISLATOR NICOLELLO: And the busiest precinct to the least busy precinct, same number every shift, supervisory officers. Is that your understanding too?

MR. CHALMERS: My understanding is that, yes, those numbers have not changed.

LEGISLATOR NICOLELLO: So what changed in the consolidation, my understanding was that the number of positions decreased because there's four instead of eight. Those positions disappear. By contract, you don't have to fill those positions that don't exist anymore. My understanding is that the administration's savings comes from the fact that half of those supervisory positions no longer exist and do not

1 have to be filled because if they still existed,
2 if there were still eight precincts, you still
3 had, let's say, 100 positions for supervisory
4 officers or 200 positions and 100 superior
5 officers left, you would still have to fill every
6 one of those. However, if you reduce the number
7 from 200 to 100 and 100 superior officers leave,
8 you don't have to backfill those positions. So
9 the difference here -- attrition is completely
10 mixing up the terms.

11
12 What the incentive did was not save the
13 money but it prevented superior officer being let
14 go because the positions were disappearing. Is
15 that, in summary, what the administration was --
16 the position in terms of the savings was because
17 the number of positions were decreasing?

18 MR. CHALMERS: The number of positions
19 have decreased. Absolutely. They have decreased
20 by approximately 150 positions throughout the
21 ranks of the sworn officers.

22 LEGISLATOR NICOLELLO: Okay. But
23 besides the sworn officers, the number of
24 positions in these precincts have disappeared
25 because they're consolidated. Instead of having

100 for each precinct, there is now 50. There is 100 for each precinct but now they cover twice the area.

MR. CHALMERS: There are definitely less heads than there were a year and a half ago.

LEGISLATOR NICOLELLO: Right. Those positions don't have to be backfilled and the savings is because those positions don't exist anymore.

MR. CHALMERS: Those positions have not been backfilled as of today. My understanding is that the administration is going to start backfilling some vacant positions as of right now, but it will still not be up to the level that it was prior.

LEGISLATOR NICOLELLO: Right. But you're mixing up the terms again. Vacant positions.

MR. CHALMERS: Correct.

LEGISLATOR NICOLELLO: The positions that have been eliminated because of the consolidation are not vacant, they're gone.

MR. CHALMERS: Those are gone.

LEGISLATOR NICOLELLO: Okay. So they're

going to backfill the vacant positions. Now, if the consolidation did not occur and this attrition occurred they would have to backfill all of those positions that would still exist.

MR. CHALMERS: Yes.

LEGISLATOR NICOLELLO: The savings comes because a certain number of positions do not exist anymore because the precincts have been consolidated.

MR. CHALMERS: That is correct. And you have less positions.

LEGISLATOR NICOLELLO: Okay.

LEGISLATOR ABRAHAMS: If we're following that rationale, so the 18 to 20 million is inclusive of the First Precinct.

MR. CHALMERS: It's inclusive of all the - I'm sorry - the 98 positions that left.

LEGISLATOR ABRAHAMS: But if the First Precinct still has an inspector, a deputy inspector and superior officers there.

MR. CHALMERS: The 98 are gone. Those have left.

LEGISLATOR ABRAHAMS: So, in essence, if someone was to leave the First Precinct today

that position would be backfilled.

MR. CHALMERS: It would be an additional pickup, as long as it's not backfilled. If it is backfilled --

LEGISLATOR ABRAHAMS: If I'm understanding this correctly, 18 to 20 million is not just the savings that was occurred in 2012 but it would be future savings.

MR. CHALMERS: It will be future savings. That savings would be recurring in the out years.

LEGISLATOR ABRAHAMS: In essence, in that case the numbers kind of tick down a little bit because the First Precinct is still open and we are still backfilling.

MR. CHALMERS: Actually, it will be the administration's position that if they did do that consolidation they could probably save even more.

LEGISLATOR ABRAHAMS: But they didn't, though.

MR. CHALMERS: No, they did not. The 18 to 19 million is a solid number, that number represents the officers that have taken the

incentive and actually left. That's a hard number.

LEGISLATOR ABRAHAMS: What does that number do in the out years though?

MR. CHALMERS: The out years, it will be a recurring savings because you have less heads. Those heads are off the payroll.

LEGISLATOR ABRAHAMS: And that number will remain at that level even though the First Precinct remains open?

MR. CHALMERS: Correct. Because the 98 have left.

LEGISLATOR ABRAHAMS: I know Mr. Nicolello is saying attrition has nothing to do with it, but attrition has everything to do with it. If those 98 people have left, then attrition has everything to do with it.

MR. CHALMERS: The 98 people left and the savings are hard savings because they traded out.

LEGISLATOR ABRAHAMS: Correct.

MR. CHALMERS: Yes.

LEGISLATOR ABRAHAMS: Again, as I said before, if it was possible, I know you said it

1 would be hard to do, but if it was possible, if
2 you could think of a way that we can actually see
3 an update of the study to be inclusive of the
4 First Precinct not being closed, we would love to
5 see it, if you could do it.

6
7 Thank you.

8 CHAIRMAN KOPEL: Mr. Denenberg.

9 LEGISLATOR DENENBERG: Hi. Mr.
10 Chalmers, I'm going back over some of the reports
11 that you had prepared at my request, both on the
12 consolidation costs as well as overtime. Just so
13 I'm clear.

14 I understand Legislator Abrahams'
15 questions and also Legislator Nicoletto's
16 questions go back to the original discussions
17 when we had the vote on consolidation. A number
18 of people said if you have less precincts then
19 that's less positions that you would have to
20 backfill because you have less positions at the
21 closed stationhouses. I think after a compromise
22 there were a certain number of desk officers and
23 a certain number of other sworn officers at each
24 of the closed precincts. I think something that
25 you've been saying and something that was perhaps

1 lost was the savings number itself, the 18 to \$20
2 million that was attributed, if you will, to
3 consolidation by the administration was simply
4 based on a number of officers leaving the force
5 that would not have to be backfilled, 100.

6
7 MR. CHALMERS: Correct.

8 LEGISLATOR DENENBERG: If, in fact, in
9 2011, which occurred, 100 officers left or 120
10 because of the termination pay, then without
11 consolidation we had a certain amount of savings
12 because officers retired; correct?

13 MR. CHALMERS: Yes. We did have some
14 retirements.

15 LEGISLATOR DENENBERG: And the
16 termination pay or the retirement incentive might
17 have added more to that number; correct?

18 MR. CHALMERS: That's correct. There
19 was about 145, which is about 45 over the number
20 that took the incentive.

21 LEGISLATOR DENENBERG: Correct. So the
22 18 to 20 was always based just on a figure of 100
23 officers attritting that wouldn't have to be
24 backfilled.

25 MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: So in '11 how many officers retired, if you can recall?

MR. CHALMERS: I don't have that number. I would have to get that number for you.

LEGISLATOR DENENBERG: If it was over 100 and they weren't replaced, then you could say that was a savings, if was over 100 even more than 18 to 20 that had nothing to do with consolidation.

MR. CHALMERS: The consolidation happened in 2012.

LEGISLATOR DENENBERG: And in '10 we had officers attrit that weren't backfilled also; correct?

MR. CHALMERS: I would have to double check those numbers and see how many came on.

LEGISLATOR DENENBERG: In 2010 we had no classes, there were no new officers.

MR. CHALMERS: Yes. If anybody left that would be a pickup for the county.

LEGISLATOR DENENBERG: Since the last class until the current class I believe our numbers went from over 2600 sworn officers down to 2200 neighborhoods, 400-plus officers.

MR. CHALMERS: That's correct.

LEGISLATOR DENENBERG: We can say it was because of consolidation, but you could also say it was the retirement incentives that got officers to retire; correct?

MR. CHALMERS: Our memo said it was the VSIP (phonetic). The retirement incentive is what forced them out the door.

LEGISLATOR DENENBERG: Of course, because the consolidation in and of itself doesn't make anyone retire. The idea was you wouldn't have to backfill as many positions.

MR. CHALMERS: That was our understanding of it also.

LEGISLATOR DENENBERG: So my concern was overtime. And you looked at overtime.

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: And overtime from 13 to 12 is running at about 30 to 35 percent over, correct?

MR. CHALMERS: The hours are running that high. I think we are going to have approximately the same amount of overtime in '13 that we did in '12.

LEGISLATOR DENENBERG: So in '13 we're going to have the same amount of overtime as we did in 15 million of the overtime in '12 was attributed to Sandy and we're putting in for FEMA reimbursement; correct?

MR. CHALMERS: Yes, we are. Yes.

LEGISLATOR DENENBERG: And in '13 none of it is FEMA related - I'm sorry - none of it is Sandy related, that was from last year, correct?

MR. CHALMERS: That's correct.

LEGISLATOR DENENBERG: So last year, without Sandy, overtime was about 50 million; correct?

MR. CHALMERS: That's correct.

LEGISLATOR DENENBERG: How much was budgeted last year?

MR. CHALMERS: I believe it was approximately 22 to 24 in the operating funds, plus approximately 23 million as a contingency.

LEGISLATOR DENENBERG: How much was budgeted this year?

MR. CHALMERS: This year's budget was 44 million.

LEGISLATOR DENENBERG: And we're going

at a rate, according to you, of about 62 to 64 million.

MR. CHALMERS: We are projecting 62 million now. However, if the trend is not reversed it could be slightly higher.

LEGISLATOR DENENBERG: And last year overtime was about 65 million. So we could be, in 2012 overtime was about 65 million.

MR. CHALMERS: The 65 is including 15 million for FEMA.

LEGISLATOR DENENBERG: So we could be -- if trends don't change we'll be at 65 this year.

MR. CHALMERS: Yes, we may be.

LEGISLATOR DENENBERG: How much of that is attributable to -- I believe that with or without consolidation officers were going to take the retirement incentive. But how much of the overtime can we attribute to the consolidation?

MR. CHALMERS: It's the administration's position that the headcount is low and that's why they have such a high overtime.

LEGISLATOR DENENBERG: So now we're going to need to hire back officers anyway.

MR. CHALMERS: Yes. There has been a

1 class of approximately, I believe close to 40, of
2 which 32 remain in the academy and there could
3 possibly be an additional class in September or
4 October.
5

6 LEGISLATOR DENENBERG: Okay. So now -
7 so now let me -- the bottom line is this.
8 Overtime, if someone named George Marland states
9 that the cost, such as overtime, more than offset
10 any savings from consolidation, based on what
11 you're looking at that's true.

12 MR. CHALMERS: The numbers are very,
13 very close. You're looking at approximately 18
14 million more over the budget versus what you
15 saved with the officers leaving.

16 LEGISLATOR DENENBERG: Okay. And if I'm
17 just looking 2012 to 2013, even though some of
18 the consolidation had already happened starting
19 mid-year last year, just quarter to quarter we're
20 trending much higher.

21 MR. CHALMERS: Yes, we are.

22 LEGISLATOR DENENBERG: Okay. And all of
23 us would agree that one class of 34 officers
24 right now would not be enough to offset the rise
25 in overtime; correct?

MR. CHALMERS: Yes, I would agree with that statement.

LEGISLATOR DENENBERG: Now, wouldn't you also think that with or without a retirement incentive, given the overtime numbers of 48 million in '11, 65 million in '12 if you include Sandy, perhaps 65 million in '13 without Sandy, that's three years where the officers received much higher than usual overtime; correct?

MR. CHALMERS: Those years have been very high, especially last year. Last year we thought it was going to be an anomaly because of Sandy. It's proving not to be as much as an anomaly as we thought it was going to be.

LEGISLATOR DENENBERG: Just on the logic then, if an officer has over 20 years or higher and has three years of overtime that's at record levels, that in and of itself would be an incentive to retire.

MR. CHALMERS: Well, the department is projecting a very high number of separations for next year, that could be at the base of it.

LEGISLATOR DENENBERG: And this year you had reported earlier, at my request, and I

1 believe you did a report in July where you noted
2 that we're attempting to bring officers back,
3 which could address the overtime issue as well as
4 just bring in new officers and keep our numbers
5 up. Right now, at the time you had noted there
6 was one class with about 40 police officers and
7 then a second class was expected - I guess you
8 wrote that in May, a second class was expected
9 over the summer. When are we expecting that next
10 class now?
11

12 MR. CHALMERS: The second class hasn't
13 happened yet. We reached out to the department.
14 They are in the process of trying to put that
15 together, but it has not happened yet.

16 LEGISLATOR DENENBERG: So the numbers
17 that we had been expecting earlier in the year --
18 I'm sorry - the second class that we were
19 expecting earlier in the year to be over the
20 summer, we don't know when it's going to be now?

21 MR. CHALMERS: No, I don't know.

22 LEGISLATOR DENENBERG: There are other
23 comparisons that you made -- I'm sorry -- other
24 research that you did in terms of the cost of
25 consolidation, correct?

1 MR. CHALMERS: Yes. I believe you had
2
3 requested a memo on the precinct improvement and
4 the capital improvement that had been done.

5 LEGISLATOR DENENBERG: Have you been
6 able to update that yet?

7 MR. CHALMERS: No, I have not.

8 LEGISLATOR DENENBERG: I think the
9 report that you did for me, if I'm not mistaken,
10 goes back to May 2013, right?

11 MR. CHALMERS: May of this year, yes.

12 LEGISLATOR DENENBERG: And it showed
13 just out of pocket, without being able to look at
14 anything else, three-quarters of a million
15 dollars.

16 MR. CHALMERS: That is correct. That
17 sounds right.

18 LEGISLATOR DENENBERG: And that wasn't
19 including any other cost like if the First
20 Precinct actually were not rehabilitated and were
21 closed, the out of pocket for the property that
22 we purchased there.

23 MR. CHALMERS: No, that did not include
24 that. That was just the improvements that were
25 made to the precincts in order to be able to

accommodate the moves.

LEGISLATOR DENENBERG: Can you just give an idea of what those improvements were that cost the county, to that date, three-quarters of a million?

MR. CHALMERS: I don't recall the exact components of it. I believe a big part of it was a trailer for the Fourth or the Fifth and some electrical and HVAC work.

LEGISLATOR DENENBERG: If I could just go on to a couple of other questions, moving away from the police overtime.

Corrections overtime, how much is that over budget right now?

MR. CHALMERS: Right now we figure that to be on budget.

LEGISLATOR DENENBERG: On budget. Okay. Any other overtime that jumps out as over budget?

MR. CHALMERS: In the other departments, in the general fund DPW may have a little bit, slight overtime, higher overtime than it had last year.

LEGISLATOR DENENBERG: But nothing that jumps out --

MR. CHALMERS: Nothing major, no.

LEGISLATOR DENENBERG: More than the 30 to 35 percent that we're over in the police.

MR. CHALMERS: Yes.

LEGISLATOR DENENBERG: You state in your report that county finances remain fragile and you state that the surplus is due to one-shot revenues. Which revenues were you referring to?

MR. CHALMERS: I could give you an example. We had the close of the capital projects that was something that could be considered a one-shot. Suits and damages, we used capital funds instead of using operating funds, that could be another example. And I'm sure I could probably find some more, but those two come to mind.

LEGISLATOR DENENBERG: Okay. Now, in terms of the surplus you state is also due at least in part to deferral of liabilities. You can elaborate on what you were referring to, but I believe one thing you were referring to is tax certs, where you heard Mr. Maragos say that this year we have had no current liability this year for tax certs because there's been no judgments,

1 not settlements, etcetera. But that would be a
2 deferral liability that historically runs 80 to
3 100 million a year; correct?
4

5 MR. CHALMERS: Historically, it has
6 ranged between 80 and 100. But as I stated
7 before, I was not able to get that number.

8 Now, if the administration decided to
9 just pay the judgment, it could be significantly
10 lower. I don't know that number yet.

11 LEGISLATOR DENENBERG: And if they don't
12 anticipate paying any then the surplus would be
13 in part due to a deferral of tax cert liability
14 for future years; correct?

15 MR. CHALMERS: Well, then you would be
16 deferring that portion. I believe if they know,
17 they will not defer it. The question becomes how
18 much do they know has become judgments. At that
19 point, that's the delta, that's what they would
20 need to recognize.

21 LEGISLATOR DENENBERG: Are you aware of
22 any great influx of tax cert cases that we've
23 won?

24 MR. CHALMERS: No, I'm not.

25 LEGISLATOR DENENBERG: Okay. Are you

1 aware what Mr. Maragos said, that to date, this
2 year, there have been no settlements or judgments
3 on the commercial tax certs?
4

5 MR. CHALMERS: I can't really comment on
6 what the comptroller said because I just have the
7 factual numbers.

8 LEGISLATOR DENENBERG: Pension
9 liability?

10 MR. CHALMERS: Yes.

11 LEGISLATOR DENENBERG: What's been
12 deferred there?

13 MR. CHALMERS: Well, for two years in a
14 row, in 2012 we had deferred a portion of the
15 pension bill, approximately 38.8 million in 2012,
16 and I believe in 2013 it was approximately 58
17 million that we deferred. We are going to
18 amortize that portion of the pension bill over
19 ten years.

20 LEGISLATOR DENENBERG: Is that something
21 that we've done every year or is that something
22 that we started to do in '12 and '13?

23 MR. CHALMERS: Actually, there are other
24 counties that have been doing it for longer. It
25 was due to the economic environment. The state

1 had offered it. It was called the contribution
2 stabilization program. The county opted into it,
3 that would be approximately two years now.
4

5 LEGISLATOR DENENBERG: So Nassau
6 County's been doing it for two years.

7 MR. CHALMERS: We've been doing it for
8 two years and Suffolk has been doing it for three
9 years, I believe.

10 LEGISLATOR DENENBERG: How much does
11 that save -- not save. How much does that
12 deferral of liability, how much did it take out
13 of the 2012 budget and how much did it take out
14 of the 2013 budget?

15 MR. CHALMERS: It took 38.8 million out
16 of the '12 budget and out of the '13 budget I
17 believe that number was -- I believe it was 57
18 million but I would have to find it in my chart
19 here.

20 LEGISLATOR DENENBERG: And prior to 2012
21 we couldn't defer it, correct?

22 MR. CHALMERS: No.

23 LEGISLATOR DENENBERG: So that would
24 have counted against any surplus that we're
25 declaring for '12 or '13.

MR. CHALMERS: Well, there's a menu of options that every administration does. I'm sure I could go back and find other, you know, other methods that were employed in the past; I'm just sticking to the facts of what happened in '12 and '13.

LEGISLATOR DENENBERG: So in '12 and '13 the pension costs get deferred to future years. But what happens this year, do we amortize it or do we show any expense this year for those pension costs?

MR. CHALMERS: Yes, we do. What you do is you take a portion of the pension bill and you amortize that in the out years, over ten years. So, for the 2014 payment you're going to have two years of amortization in the 2014 bill.

LEGISLATOR DENENBERG: In terms of sales tax revenue historically for the county, would you say that sales tax -- sales tax revenue grew pretty well this year, correct?

MR. CHALMERS: Yes, it is. We are running approximately 10.2 million over last year.

LEGISLATOR DENENBERG: 10.2 million over

last.

MR. CHALMERS: I'm sorry. 10.2 percent higher than we did last year.

LEGISLATOR DENENBERG: So that's much more than 10 million then. 10.2 percent would be how much over budget in terms of real dollars?

MR. CHALMERS: In our last memo I believe we were running, year over year, approximately \$50 million. However, keep in mind that part of that has already been accounted in the budget.

LEGISLATOR DENENBERG: So we're 50 million over budget. Where do you project -- what's our sales tax revenue for 2013 under your projection?

MR. CHALMERS: We are at approximately 20 -- I'll tell you right now. We are projecting a surplus of \$23.2 million.

LEGISLATOR DENENBERG: So what would our total sales tax revenue be?

MR. CHALMERS: It would be \$1,144,000,000.

LEGISLATOR DENENBERG: 1,144,000,000?

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: Can you give me what the sales tax has been for the last few years?

MR. CHALMERS: Yes. We could provide that information to you.

LEGISLATOR DENENBERG: Do you know off the top of your head what it was in '12, '11, '10, '09?

MR. CHALMERS: I don't recall off the top of my head, no. I believe last year it was 4.2 percent, but don't quote me on it.

LEGISLATOR DENENBERG: Okay. Why don't you give me, at least for the last five years, the trend of sales tax revenue. But it's been trending upwards, correct?

MR. CHALMERS: Absolutely.

LEGISLATOR DENENBERG: The worst year that we've had in a long time for sales tax was 2009, I would assume.

MR. CHALMERS: I believe it was '08 or '09.

LEGISLATOR DENENBERG: Or was in 2008?

MR. CHALMERS: I believe it was '08. Again, when we prepare this, we will --

LEGISLATOR DENENBERG: I'd like to take a look at that.

Have we put aside the sales tax that came in over budget or did we use it for other areas of the budget that might have been over budget or unaccounted for?

MR. CHALMERS: That becomes part of the major funds.

LEGISLATOR DENENBERG: Do we have it set it aside in a contingency fund for the wage freeze?

MR. CHALMERS: No, that becomes part of the major funds.

LEGISLATOR DENENBERG: Okay. So are you aware of any contingency fund if the wage freeze case, the wage freeze imposed by NIFA didn't materialize?

MR. CHALMERS: No.

LEGISLATOR DENENBERG: How much -- you said that to date, '11, '12, '13, the wage freeze led to \$230 million worth of savings in the budget?

MR. CHALMERS: Yes.

LEGISLATOR DENENBERG: Total.

2 MR. CHALMERS: Correct.

3 LEGISLATOR DENENBERG: How much is it
4 for 2013 right now?

5 MR. CHALMERS: I don't have that
6 breakdown with me but --

7 LEGISLATOR DENENBERG: Because it would
8 be more than one-third, right?

9 MR. CHALMERS: It's cumulative, yes.

10 LEGISLATOR DENENBERG: Right.

11 MR. CHALMERS: The major part of it
12 would be from 2013 because you have deferred part
13 of the increases from '11 to '12 and '12 to '13.
14 So you have '11 for two years and then '12
15 carries actually for '12 to '13.

16 LEGISLATOR DENENBERG: Did we set aside
17 the money or did we actually budget the cost, our
18 expenses were budgeted as if the wage freeze was
19 going to stay in place or did we budget as if the
20 wage freeze didn't exist just to be careful?

21 MR. CHALMERS: We budgeted as if the
22 wage freeze was in place.

23 LEGISLATOR DENENBERG: Okay. Any claim
24 on savings budget to budget would have included
25 the wage freeze imposed by NIFA.

MR. CHALMERS: The wage freeze is --

LEGISLATOR DENENBERG: The major savings budget to budget.

MR. CHALMERS: No. It's actually a big part of not the savings, but allows the county to keep on functioning. If you had to include all those raises, then you might be in the possibility where you may not have a surplus.

LEGISLATOR DENENBERG: I also asked you to do a study on the fee increases since 2010; correct?

MR. CHALMERS: Yes.

LEGISLATOR DENENBERG: I believe you came up with that the total amount of the fee increases were over \$100 million.

MR. CHALMERS: Over the course of the three years all the fee increases, yes, that sounds correct.

LEGISLATOR DENENBERG: So how much is that annual at this point?

MR. CHALMERS: I believe you have the memo. I don't have the memo in front of me.

LEGISLATOR DENENBERG: I thought it was 100. I certainly see it being over \$100 million.

MR. CHALMERS: That's cumulative over the three years.

LEGISLATOR DENENBERG: I see. You're right. 56 million in 2013 alone.

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: Okay. Now the sewer fund was projected to have what I call the toilet tax but some people call it a fee increase, but you looked at it and it was proposed in 2011, was 19 million, correct?

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: In 2012, 38 million, correct?

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: The county realized neither of those; correct?

MR. CHALMERS: That's correct.

LEGISLATOR DENENBERG: And the proposed increase for 2013 was 12.6; correct?

MR. CHALMERS: Sounds correct.

LEGISLATOR DENENBERG: And if that doesn't materialize, what effect does that have on the --

MR. CHALMERS: Then you will have a

budget hole.

LEGISLATOR DENENBERG: In the sewer fund?

MR. CHALMERS: In the sewer fund.

LEGISLATOR DENENBERG: Have you looked at what the reserves in the sewer fund were over the last several years?

MR. CHALMERS: No, I have not.

LEGISLATOR DENENBERG: Can you summarize that for me as well?

MR. CHALMERS: Yes, we can get that for you.

LEGISLATOR DENENBERG: Okay. Thank you.

MR. CHALMERS: You're welcome.

LEGISLATOR DENENBERG: I think I have one last line of questions.

In '12 the total amount of liability shown for tax certs was nine million. In 2012.

MR. CHALMERS: The actual?

LEGISLATOR DENENBERG: Yes.

MR. CHALMERS: The actual was a negative-five million.

LEGISLATOR DENENBERG: So we actually showed --

MR. CHALMERS: We had a credit.

LEGISLATOR DENENBERG: We had a credit for tax certs.

MR. CHALMERS: Correct.

LEGISLATOR DENENBERG: Did the tax cert bar give us back money in 2012?

MR. CHALMERS: No. What happened is we had accrued at the end of 2011 and as part of Judge Adams' order eight million of the amount that was previously accrued was found to be part of that order. That was reversed out, offset by approximately \$3 million in new liability.

LEGISLATOR DENENBERG: I've seen the accrued liability for tax certs in 2010 at 150 million, according to Comptroller Maragos, go up to approximately 300 million now, accrued liability for tax certs.

MR. CHALMERS: Long term liability.

LEGISLATOR DENENBERG: I'm sorry. Long term liability. So what's not accrued in a given year becomes part of the long term liability; isn't that true?

MR. CHALMERS: The long term liability will grow every year. What shows up in here is

what's considered to be a judgment.

LEGISLATOR DENENBERG: Okay. Do you agree with that long term liability, that it's more than doubled since 2010?

MR. CHALMERS: I would have to double check the numbers. We had done a report earlier in the year that had those numbers. It does sound good.

LEGISLATOR DENENBERG: I would just ask you to, as you say, double check those numbers.

MR. CHALMERS: Absolutely.

LEGISLATOR DENENBERG: Thank you.

MR. CHALMERS: You're very welcome.

LEGISLATOR NICOLELLO: I would just like to request, Mr. Chalmers, that we be provided with a study of the fee increases. But I would ask that your office go back to 2002, if that's possible. When you're looking at the sales tax revenues, I would request that you provide us with a copy of the study, but again, I would like to see that go back to 2002. With respect to reserve in the sewer funds especially, we would like to see your study go back to 2002.

MR. CHALMERS: We'll make sure we share

that with the entire body.

LEGISLATOR NICOLELLO: Again, we're extending the date --

MR. CHALMERS: To include the fees.

LEGISLATOR NICOLELLO: Yes. Thank you.

LEGISLATOR DENENBERG: Just for the record, I don't think there was a sewer fund until we created the authority.

LEGISLATOR NICOLELLO: That's fair. Go back to when the authority was made.

LEGISLATOR DENENBERG: Sure. Not too political.

MR. CHALMERS: I think it was 2004, I believe.

CHAIRMAN KOPEL: Mr. Abrahams.

LEGISLATOR ABRAHAMS: Thank you. Mr. Chalmers, I just have two questions, they're really yes or no unless you choose to elaborate.

Are you aware of any policy that the administration may have to appeal every tax grievance?

MR. CHALMERS: No, we're not. We generally stay away from the policies made by the administration.

LEGISLATOR ABRAHAMS: The second question is to your knowledge has the administration agree not to settle any particular tax certs?

MR. CHALMERS: Not that we are aware of.

LEGISLATOR ABRAHAMS: Based on the testimony we're hearing today about judgments?

MR. CHALMERS: We don't know anything. No.

LEGISLATOR ABRAHAMS: Okay. Thank you.

MR. CHALMERS: You're welcome.

LEGISLATOR DENENBERG: To the Chair. If anyone has another question for Mr. Chalmers, I just have something for the record.

CHAIRMAN KOPEL: Go on.

LEGISLATOR DENENBERG: The Budget Review Hearing notice that we provide clearly states that visitors will be able to sign in and speak. So by not allowing Mr. Weitzman to sign in and speak, I think either we have to change our notice or not. But our notice says that the public can sign in and speak. You didn't ask whether he was speaking on an item or not. Why do you put it in your public notice for this

1 hearing?

2
3 CHAIRMAN KOPEL: Okay. It's in the
4 record. Thank you.

5 LEGISLATOR DENENBERG: I'll read the
6 public notice.

7 Please take notice that the Nassau County
8 Legislature will hold a hearing for the Budget
9 Review Committee, at which time testimony will be
10 taken on the close of the Fiscal Year 2012 and
11 the Fiscal Year 2013 mid-year report. Tuesday,
12 September 3, at 1:00 p.m., Peter Schmitt Memorial
13 Legislative Chamber.

14 As per the Nassau County Fire Marshal,
15 etcetera, etcetera. And then it says right in
16 there that passes will be distributed on a first
17 come, first serve and attendees will be given an
18 opportunity to sign in to address the legislature
19 for a maximum of three minutes. So we violated
20 our own notice which clearly says that it's just
21 a hearing where we're going to be taking
22 testimony on the close of the fiscal year and the
23 fiscal year mid-year report.

24 CHAIRMAN KOPEL: Okay. We got it.

25 LEGISLATOR DENENBERG: So for purely

2 political reasons, you wouldn't let Mr. Weitzman
3 speak.

4 CHAIRMAN KOPEL: I will say that perhaps
5 we ought to amend the hearing notices.

6 LEGISLATOR DENENBERG: Or perhaps you
7 made a mistake.

8 CHAIRMAN KOPEL: We ought to amend the
9 hearing notices going forward. As everyone
10 knows, there's no public comment at any committee
11 hearing.

12 LEGISLATOR DENENBERG: Actually, we
13 don't know that.

14 CHAIRMAN KOPEL: Excuse me. Excuse me.

15 LEGISLATOR DENENBERG: We don't know
16 that. The notice says --

17 CHAIRMAN KOPEL: Excuse me.

18 LEGISLATOR DENENBERG: there is.

19 CHAIRMAN KOPEL: Okay. The notice can
20 say what it says. Since I have been here, which
21 is going on four years, I haven't heard any
22 public comment at committees. We ought to amend
23 it. We didn't give somebody a chance to make a
24 political statement.

25 LEGISLATOR DENENBERG: For the record,

1 we've done, Mr. Kopel, I, myself, have chaired,
2 Legislator Nicoletto has chaired, and certainly
3 Legislator Abrahams has chaired hearings where no
4 item was called; we were either asking for
5 testimony or having a legislative hearing to
6 gather information on our own behalf from a
7 number of witnesses or from people who came and
8 give a report just like this, and we've always
9 left it open for the public to attend and comment
10 up to three minutes.
11

12 CHAIRMAN KOPEL: All right. I think
13 we've beaten this horse to death.

14 Thank you.

15 We are adjourned.

16 (Whereupon, the Budget Review Committee
17 adjourned at 5:00 p.m.)
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C E R T I F I C A T E

I, FRANK GRAY, a Shorthand Reporter and Notary Public in and for the State of New York, do hereby state:

THAT I attended at the time and place above mentioned and took stenographic record of the proceedings in the above-entitled matter;

THAT the foregoing transcript is a true and accurate transcript of the same and the whole thereof, according to the best of my ability and belief.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of September, 2013.

FRANK GRAY